

House File 859 - Introduced

HOUSE FILE 859

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 185)

A BILL FOR

1 An Act relating to renewable fuel used to power motor vehicles,
2 including by providing for standards and restrictions,
3 infrastructure, tax credits, and requirements for state
4 agencies operating motor vehicles powered by renewable
5 fuel, providing penalties, making penalties applicable, and
6 including effective date provisions.

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

1 DIVISION I
2 MOTOR FUEL
3 PART A
4 STANDARDS AND CLASSIFICATIONS

5 Section 1. Section 214A.1, Code 2021, is amended by adding
6 the following new subsections:

7 NEW SUBSECTION. 8A. "*Clear diesel fuel*" means diesel fuel
8 that is not dyed under section 452A.3, subsection 3, paragraph
9 "b", and that is regularly sold to members of the general
10 public by retail dealers to power motor vehicles subject
11 to registration under chapter 321 to operate on the public
12 highways.

13 NEW SUBSECTION. 11A. "*Dispensing unit*" means equipment that
14 is part of motor fuel storage and dispensing infrastructure, if
15 the equipment includes a nozzle to control the flow of motor
16 fuel discharged from the motor fuel storage tank to an end
17 point including the fuel supply tank of a motor vehicle.

18 NEW SUBSECTION. 19A. "*Motor fuel storage and dispensing*
19 *infrastructure*" or "*infrastructure*" means a motor fuel storage
20 tank, motor fuel pump, and a dispensing unit necessary to store
21 and dispense, or store, blend, and dispense, motor fuel at
22 a retail motor fuel site, including but not limited to all
23 associated equipment, dispensing units, dispensers, pumps,
24 pipes, hoses, tubes, lines, fittings, valves, filters, seals,
25 and covers.

26 NEW SUBSECTION. 29A. "*Small retail dealer*" means a retail
27 dealer engaged in the business of storing and dispensing motor
28 fuel from a motor fuel pump for sale on a retail basis at fewer
29 than ten permanent retail motor fuel sites.

30 NEW SUBSECTION. 29B. "*Special use diesel fuel*" means clear
31 diesel fuel subject to restrictions based on a designated
32 classification as provided in section 214A.34.

33 NEW SUBSECTION. 29C. a. "*Special use gasoline*" means
34 unleaded gasoline that is subject to restrictions based on a
35 designated classification as provided in sections 214A.31 and

1 214A.32.

2 *b.* "*Special use gasoline*" does not include aviation gasoline
3 or racing fuel as those terms are defined in section 452A.2.

4 NEW SUBSECTION. 30A. "*Standard use diesel fuel*" means clear
5 diesel fuel that includes a required blend of biodiesel based
6 on a designated classification as provided in section 214A.34.

7 NEW SUBSECTION. 30B. *a.* "*Standard use gasoline*" means
8 unleaded gasoline that includes a required blend of ethanol
9 based on a designated classification as provided in sections
10 214A.31 and 214A.32.

11 *b.* "*Standard use gasoline*" does not include aviation
12 gasoline or racing fuel as those terms are defined in section
13 452A.2.

14 Sec. 2. Section 214A.1, subsections 11 and 16, Code 2021,
15 are amended to read as follows:

16 11. *a.* "*Diesel fuel*" means any liquid, other than gasoline,
17 ~~which is~~ suitable for use as a type of motor fuel for use in
18 a diesel fuel powered engine, including but not limited to a
19 motor vehicle, equipment as defined in [section 322F.1](#), or a
20 train railroad locomotive, and which meets the standards and
21 classifications provided in section 214A.2.

22 *b.* ~~Diesel fuel~~ "*Diesel fuel*" includes a liquid product
23 prepared, advertised, offered for sale, or sold for use as,
24 or commonly and commercially used as, motor fuel for use in
25 an internal combustion engine and ignited by pressure without
26 the presence of an electric spark. ~~Diesel fuel must meet the~~
27 ~~standards provided in [section 214A.2](#).~~

28 16. "*Gasoline*" means any liquid product prepared,
29 advertised, offered for sale, or sold for use as, or commonly
30 and commercially used as, a type of motor fuel for use in a
31 spark-ignition, internal combustion engine, and which meets
32 the specifications standards and classifications provided in
33 section 214A.2.

34 Sec. 3. Section 214A.1, subsection 30, Code 2021, is amended
35 by striking the subsection.

1 Sec. 4. NEW SECTION. 214A.1A Rules.

2 The department shall adopt rules necessary or desirable to
3 administer and enforce this chapter in conjunction with chapter
4 214.

5 Sec. 5. Section 214A.2, subsections 1 and 2, Code 2021, are
6 amended to read as follows:

7 1. The department shall adopt rules pursuant to ~~chapter~~
8 ~~17A for carrying out this chapter.~~ The rules may include but
9 ~~are not limited to specifications~~ section 214A.1A relating
10 to standards and classifications for types of motor fuel,
11 including but not limited to gasoline and diesel fuel.
12 The rules shall provide standards and classifications for
13 renewable fuel such as ethanol blended gasoline, biobutanol
14 blended gasoline, biodiesel, biodiesel blended fuel, and
15 motor fuel components such as a biofuel or an oxygenate. In
16 the interest of uniformity, the department shall adopt by
17 reference other ~~specifications~~ standards relating to tests and
18 ~~standards~~ specifications for types of motor fuel, including
19 renewable fuel and motor fuel components, established by the
20 United States environmental protection agency and A.S.T.M.
21 international.

22 2. ~~Octane number~~ An octane rating assigned to gasoline
23 shall conform to the average of values obtained from the
24 A.S.T.M. international D2699 research method and the A.S.T.M.
25 international D2700 motor method.

26 a. ~~Octane number for~~ For regular grade unleaded gasoline
27 ~~shall follow the specifications of A.S.T.M. international but,~~
28 the octane rating shall be not be less than eighty-seven and
29 not more than ninety.

30 b. ~~Octane number for~~ For premium grade unleaded gasoline
31 ~~shall follow the specifications of A.S.T.M. international but,~~
32 the octane rating shall not be not less than ninety ninety-one.

33 Sec. 6. Section 214A.2, subsection 3, paragraph b, Code
34 2021, is amended by striking the paragraph and inserting in
35 lieu thereof the following:

1 *b.* If the motor fuel is advertised for sale or sold as
2 ethanol or ethanol blended gasoline, the motor fuel must meet
3 departmental standards and classifications based on all of the
4 following requirements:

5 (1) (a) Ethanol must be a fuel grade agriculturally
6 derived ethyl alcohol and must meet the requirements of
7 27 C.F.R. pts. 19 through 21 and A.S.T.M. international
8 specification D4806 for blending with gasoline for use as
9 automotive spark-ignition engine fuel, or a successor A.S.T.M.
10 international specification, as established by rules adopted
11 by the department.

12 (b) Ethanol shall be classified as E-100.

13 (c) Gasoline containing no ethanol or trace amounts of
14 ethanol shall be classified as E-0.

15 (2) Gasoline blended with ethanol must meet requirements
16 based in part or in whole on A.S.T.M. international
17 specification D4814, or a successor A.S.T.M. international
18 specification, as established by rules adopted by the
19 department.

20 (3) For any classification of ethanol blended gasoline, at
21 least nine percent by volume must be ethanol.

22 (4) For ethanol blended gasoline classified as E-10 or
23 higher, the state grants a waiver of one pound per square inch
24 from the A.S.T.M. international specification D4814 Reid vapor
25 pressure requirement.

26 (5) Except as otherwise provided in this subparagraph,
27 ethanol blended gasoline shall be classified as E-xx where
28 "xx" is the volume percent of ethanol in the ethanol blended
29 gasoline. However, all of the following shall apply:

30 (a) Ethanol blended gasoline with a percentage of at least
31 nine but not more than ten percent by volume of ethanol shall
32 be classified as E-10.

33 (b) Ethanol blended gasoline with a percentage of fifteen
34 percent by volume of ethanol shall be classified as E-15.

35 (c) Ethanol blended gasoline with a percentage of at least

1 seventy but not more than eighty-five percent by volume of
2 ethanol shall be classified as E-85. E-85 gasoline must meet
3 A.S.T.M. international specification D5798, or a successor
4 A.S.T.M. international specification, as established by rules
5 adopted by the department.

6 (6) Ethanol blended gasoline classified as higher than
7 E-15, other than E-85, must conform to standards adopted by the
8 department.

9 (7) In ensuring that ethanol blended gasoline meets the
10 classification requirements of this section, the department
11 shall take into account up to a two percent variation in the
12 volume percent of ethanol in ethanol blended gasoline due to
13 testing and other limitations as determined by the department.

14 Sec. 7. Section 214A.2, subsection 3, paragraph c, Code
15 2021, is amended by adding the following new subparagraph:

16 NEW SUBPARAGRAPH. (3) (a) Biobutanol blended gasoline
17 shall be classified as Bu-xx where "xx" is the volume percent
18 of biobutanol in the biobutanol blended gasoline.

19 (b) In ensuring that biobutanol blended gasoline meets the
20 classification requirements of this section, the department
21 shall take into account up to a two percent variation in the
22 volume percent of biobutanol in biobutanol blended gasoline
23 due to testing and other limitations as determined by the
24 department.

25 Sec. 8. Section 214A.2, subsection 4, paragraph b,
26 subparagraph (1), Code 2021, is amended by adding the following
27 new subparagraph divisions:

28 NEW SUBPARAGRAPH DIVISION. (a) Biodiesel shall be
29 classified as B-100.

30 NEW SUBPARAGRAPH DIVISION. (b) Diesel fuel containing no
31 biodiesel or trace amounts of biodiesel shall be classified as
32 B-0.

33 Sec. 9. Section 214A.2, subsection 4, paragraph b, Code
34 2021, is amended by adding the following new subparagraph:

35 NEW SUBPARAGRAPH. (04) (a) Biodiesel blended fuel shall be

1 classified B-xx where "xx" is the volume percent of biodiesel
2 in the biodiesel blended fuel.

3 (b) In ensuring that biodiesel blended fuel meets the
4 classification requirements of this section, the department
5 shall take into account up to a two percent variation in the
6 volume percent of biodiesel in biodiesel blended fuel due to
7 testing and other limitations as determined by the department.

8 Sec. 10. Section 214A.2, subsection 4, paragraph b,
9 subparagraph (4), Code 2021, is amended to read as follows:

10 (4) Biodiesel blended fuel classified as B-6 or higher
11 ~~but not higher than~~ up to and including B-20 must conform to
12 A.S.T.M. international specification D7467, or a successor
13 A.S.T.M. international specification, as established by rules
14 adopted by the department.

15 Sec. 11. Section 214A.2, subsection 4, paragraph b, Code
16 2021, is amended by adding the following new subparagraph:

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

20 (b) The rules adopted by the department of agriculture and
21 land stewardship establishing standards for biodiesel blended
22 fuel classified as higher than B-20 shall take effect not
23 earlier than sixty days after the date for filing as provided
24 in section 17A.5, subsection 2, paragraph "b", subparagraph
25 (1), subparagraph division (a). The department of agriculture
26 and land stewardship shall notify the legislative services
27 agency and the department of revenue of the effective date of
28 rules at least thirty days prior to the effective date of the
29 rules.

30 Sec. 12. Section 214A.2, subsection 5, Code 2021, is amended
31 by striking the subsection.

32 Sec. 13. Section 214A.3, subsection 2, Code 2021, is amended
33 to read as follows:

34 2. For a renewable fuel, all of the following apply:

35 a. A person shall not knowingly falsely advertise that a

1 motor fuel for sale is a renewable fuel or is not a renewable
2 fuel.

3 ~~b. (1) Ethanol-blended~~ A person shall not knowingly falsely
4 ~~advertise that gasoline sold by a dealer shall be designated~~
5 ~~according to its classification as provided in section 214A.2~~
6 ~~for sale is or is not standard use gasoline or special use~~
7 ~~gasoline. However, a person advertising E-9 or E-10 gasoline~~
8 ~~may only designate it as ethanol blended gasoline. A person~~
9 ~~advertising ethanol blended gasoline formulated with a~~
10 ~~percentage of between seventy and eighty-five percent by~~
11 ~~volume of ethanol shall designate it as E-85. A person shall~~
12 not knowingly falsely advertise ethanol blended standard
13 use gasoline or special use gasoline for sale by using an
14 inaccurate designation in violation of this subparagraph
15 classification as provided in section 214A.2.

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

19 (3) A person shall not knowingly falsely advertise
20 ~~biodiesel~~ that diesel fuel for sale is or is not standard use
21 diesel fuel or special use diesel fuel. A person shall not
22 knowingly falsely advertise standard use diesel fuel or special
23 use diesel fuel for sale by using an inaccurate designation
24 classification as provided in [section 214A.2](#).

25 Sec. 14. Section 214A.11, Code 2021, is amended by adding
26 the following new subsections:

27 NEW SUBSECTION. 3. The department may refuse to issue or
28 renew and may suspend or revoke a license issued to a retail
29 dealer pursuant to section 214.2 for any violation of this
30 chapter, including rules adopted by the department pursuant to
31 section 214A.2.

32 NEW SUBSECTION. 4. A retail dealer who advertises the sale
33 of motor fuel at a retail motor fuel site shall not be subject
34 to a criminal or civil penalty or an administrative action
35 suspending or revoking a license as provided in this section,

1 if a person fails to dispense the classification of ethanol
2 blended gasoline or biodiesel blended fuel otherwise required
3 in subchapter IV and the retail dealer complies with the other
4 applicable requirements of that subchapter.

5 Sec. 15. NEW SECTION. 214A.31 **Special use gasoline**
6 **classified as E-0 — restrictions.**

7 A retail dealer shall not knowingly advertise for sale or
8 knowingly sell special use gasoline classified as E-0 as
9 provided in section 214A.2, unless the gasoline is premium
10 grade unleaded gasoline as provided in that section.

11 Sec. 16. NEW SECTION. 214A.32 **Special use gasoline**
12 **classified as E-10 — restrictions — future implementation.**

13 1. A retail dealer shall not knowingly advertise for sale
14 special use gasoline classified as E-10 or higher up to but not
15 including E-15, as provided in section 214A.2.

16 2. Notwithstanding subsection 1, a retail dealer may
17 advertise for sale special use gasoline classified as E-10 or
18 higher to power an engine that operates any of the following:

- 19 *a.* A 2000 or older model year motor vehicle.
- 20 *b.* A motorcycle as defined in section 321.1.
- 21 *c.* An all-terrain vehicle as defined in section 321.1.
- 22 *d.* A snowmobile as defined in section 321G.1.
- 23 *e.* A vehicle serviced by a marina, dock, or airport.
- 24 *f.* A vehicle principally designed for use off a public
25 highway.
- 26 *g.* Machinery or equipment not primarily designed to
27 transport a person or property.

28 3. *a.* This section shall be implemented on January 1, 2028.

29 *b.* This subsection is repealed January 2, 2028.

30 Sec. 17. NEW SECTION. 214A.33 **Standard use gasoline**
31 **classified as E-15 or higher — future implementation.**

32 1. A retail dealer shall not knowingly advertise for sale
33 or knowingly sell gasoline from more than two dispensing units
34 located at a retail motor fuel site, unless the retail dealer
35 advertises for sale standard use gasoline classified as E-15

1 or higher from at least one of the dispensing units located at
2 that retail motor fuel site.

3 2. *a.* This section shall be implemented on January 1, 2028.

4 *b.* This subsection is repealed January 2, 2028.

5 Sec. 18. NEW SECTION. 214A.34 **Standard use diesel fuel —**
6 **restrictions.**

7 1. For the period of each year beginning April 1 and ending
8 October 31, a retail dealer shall not knowingly advertise for
9 sale clear diesel fuel other than standard use diesel fuel
10 classified as B-11 or higher as provided in section 214A.2.

11 2. Notwithstanding subsection 1, a retail dealer may
12 advertise for sale special use diesel fuel classified as B-0 or
13 higher to power an engine that operates any of the following:

14 *a.* A vehicle serviced by a marina, dock, or airport.

15 *b.* A vehicle principally designed for use off a public
16 highway.

17 *c.* Machinery or equipment not primarily designed to
18 transport a person or property.

19 3. This section does not apply to diesel fuel used to power
20 aircraft, railroad locomotives, vessels of the United States
21 coast guard, or vessels subject to inspection under 46 U.S.C.
22 §3301.

23 Sec. 19. NEW SECTION. 214A.35 **Labeling of dispensing units**
24 **— federal law.**

25 A retail dealer advertising the sale of motor fuel shall
26 affix a label to each dispensing unit used to discharge a motor
27 fuel as required by federal law, including by the United States
28 federal trade commission as provided in 16 C.F.R. §306.12, and
29 the United States environmental protection agency as provided
30 in 40 C.F.R. pt. 80, including §80.570 and 80.1501.

31 Sec. 20. NEW SECTION. 214A.36 **Labeling of dispensing units**
32 **— state law — future implementation.**

33 1. A retail dealer restricted from advertising the sale of
34 special use gasoline as provided in section 214A.31 shall affix
35 a clearly visible decal to each dispensing unit discharging

1 such gasoline. The decal shall identify the gasoline as
2 special use gasoline.

3 2. *a.* A retail dealer restricted from advertising the
4 sale of special use gasoline as provided in section 214A.32
5 shall affix a clearly visible decal to each dispensing unit
6 discharging such gasoline. The decal shall identify the
7 gasoline as special use gasoline and list the types of engines
8 that may be powered by using that gasoline as provided in
9 section 214A.32, subsection 2.

10 *b.* (1) This subsection shall be implemented on January 1,
11 2028.

12 (2) This paragraph "b" is repealed January 2, 2028.

13 3. A retail dealer advertising the sale of biobutanol
14 blended gasoline from a dispensing unit shall affix to the
15 dispensing unit a decal identifying the gasoline as biobutanol
16 blended gasoline.

17 4. A retail dealer restricted from advertising the sale
18 of special use diesel fuel as provided in section 214A.34
19 shall affix a clearly visible decal to each dispensing unit
20 discharging such diesel fuel. The decal shall identify the
21 diesel fuel as special use diesel fuel and list the types
22 of engines that may be powered by using that diesel fuel as
23 provided in section 214A.34, subsection 2.

24 5. The design and location of a decal required in this
25 section shall be prescribed by rules adopted by the department.
26 A decal identifying a renewable fuel shall be consistent with
27 standards adopted pursuant to section 159A.6. The department
28 may approve an application to place a decal in a special
29 location on a dispensing unit or use a decal with special
30 lettering or colors, if the decal appears clear and conspicuous
31 to the consumer. The application shall be submitted in writing
32 pursuant to procedures adopted by the department.

33 **Sec. 21. NEW SECTION. 214A.41 Waiver of renewable fuel**
34 **requirements.**

35 1. The governor may issue or renew an executive order or the

1 secretary of agriculture may issue or renew an administrative
2 order temporarily waiving a requirement that a retail dealer
3 comply with a provision in part 1 of this subchapter.

4 2. The order may allow the retail dealer to advertise
5 for sale special use gasoline classified as E-0 as regular
6 grade unleaded gasoline as provided in section 214A.2,
7 notwithstanding section 214A.31.

8 3. *a.* The order may allow the retail dealer to advertise
9 for sale special use gasoline classified as E-10 or higher
10 from any number of dispensing units at the retail dealer's
11 retail motor fuel site without any restriction, notwithstanding
12 section 214A.32 or 214A.33.

13 *b.* (1) This subsection shall be implemented on January 1,
14 2028.

15 (2) This paragraph "b" is repealed January 2, 2028.

16 4. The order may allow the retail dealer to advertise
17 for sale special use diesel fuel classified as B-0 or higher
18 without any restriction otherwise provided in section 214A.34.

19 5. The order must be supported by credible evidence that
20 the retail dealer has not been able to reasonably obtain the
21 required grade or classification of standard use gasoline or
22 standard use diesel fuel at the retail dealer's retail motor
23 fuel site.

24 6. An order may apply to more than one retail motor fuel
25 site, if each such retail motor fuel site is listed in the
26 order.

27 7. The department shall publish a copy of the order on the
28 department's internet site within ten days after its issuance.

29 8. The order shall expire six months from the date of its
30 issuance, unless a shorter period is stated in the order.
31 The early expiration of the order may also occur based on
32 circumstances described in the order.

33 **Sec. 22. NEW SECTION. 214A.42 Suspension of renewable fuel**
34 **requirements.**

35 1. The governor may issue or renew an executive order that

1 temporarily suspends a requirement that retail dealers comply
2 with a provision in part 1 of this subchapter on either a
3 statewide basis or in a geographic region of the state.

4 2. The order may allow retail dealers to advertise for
5 sale special use gasoline classified as E-0 as regular
6 grade unleaded gasoline as provided in section 214A.2,
7 notwithstanding section 214A.31.

8 3. a. The order may allow retail dealers to advertise
9 for sale special use gasoline classified as E-10 or higher to
10 customers from any number of dispensing units at retail motor
11 fuel sites without restriction, notwithstanding section 214A.32
12 or 214A.33.

13 b. (1) This subsection shall be implemented on January 1,
14 2028.

15 (2) This paragraph "b" is repealed January 2, 2028.

16 4. The order may allow retail dealers to advertise for sale
17 special use diesel fuel classified as B-0 or higher without the
18 restrictions otherwise provided in section 214A.34, subsection
19 2.

20 5. The order must be based on the governor's determination
21 that any of the following apply:

22 a. There is not adequate infrastructure to store and
23 dispense the required standard use gasoline or standard use
24 diesel fuel at retail motor fuel sites in this state or the
25 region of this state described in the order.

26 b. It is not commercially feasible to obtain the standard
27 use gasoline or standard use diesel fuel to be advertised for
28 sale or sold at retail motor fuel sites in this state or the
29 region of this state described in the order.

30 6. The order shall take effect on its date of publication in
31 the Iowa administrative bulletin, unless the order specifies
32 a later date. The order shall expire one year from the date
33 of its publication unless a shorter period is stated in the
34 order. The early expiration of the order may also occur based
35 on circumstances described in the order.

1 Sec. 23. NEW SECTION. 214A.43 Extension of special use
2 gasoline requirements — future implementation.

3 1. As used in this section, "department" means the
4 department of natural resources.

5 2. The director of the department may issue an
6 administrative order granting a small retail dealer an extended
7 period of compliance to meet the requirements of section
8 214A.32 or 214A.33.

9 3. A small retail dealer must apply for an extended period
10 of compliance by submitting a form to the department in a
11 manner and according to procedures required by the department.

12 4. The department may grant an extended period of compliance
13 to a small retail dealer for each retail motor fuel site
14 identified in the application, if the department determines all
15 of the following:

16 a. The small retail dealer cannot comply with section
17 214A.32 or 214A.33 because the retail motor fuel site's
18 existing underground motor fuel storage and dispensing
19 infrastructure is incompatible with standard use gasoline
20 classified as E-15 or higher.

21 b. The small retail dealer would suffer significant
22 financial hardship, measured on the basis of income to expense
23 ratio, if the small retail dealer improved a retail motor fuel
24 site to store and dispense standard use gasoline classified
25 as E-15 or higher by installing, replacing, or converting
26 infrastructure.

27 c. The department of agriculture and land stewardship
28 submits a statement to the department of natural resources
29 certifying the small retail dealer's proposed financing of
30 ethanol infrastructure at the retail motor fuel site. The
31 statement shall at least include all of the following:

32 (1) The small retail dealer has applied to participate in
33 the renewable fuel infrastructure program for retail motor
34 fuel sites as provided in section 159A.14 to improve the
35 retail motor fuel site by installing, replacing, or converting

1 infrastructure to be used to store, dispense, or blend and
2 dispense ethanol blended gasoline.

3 (2) The small retail dealer is eligible to participate in
4 the program as described in subparagraph (1), regardless of
5 whether the small retail dealer's application is approved.

6 (3) If the small retail dealer's application is approved,
7 the retail motor fuel site has not yet been improved as
8 provided in subparagraph (1), using moneys awarded to the
9 participating person according to the terms of a cost-share
10 agreement as provided in section 159A.14.

11 5. The order shall take effect on its date of publication in
12 the Iowa administrative bulletin, unless the order specifies
13 a later date. The order shall expire five years from the date
14 of its publication unless a shorter period is stated in the
15 order. The early expiration of the order may also occur based
16 on circumstances described in the order.

17 6. The director of the department may issue an order
18 granting a retail dealer any number of subsequent extended
19 periods of compliance, if all of the following apply:

20 a. The prior order granting the retail dealer an extended
21 period of compliance is expiring or has expired.

22 b. The department grants the extended period of compliance
23 in the same manner as it would approve a new application.

24 7. a. This section shall be implemented on January 1, 2028.

25 b. This subsection is repealed January 2, 2028.

26 Sec. 24. RULE-MAKING — EXTENSION OF SPECIAL USE GASOLINE
27 REQUIREMENTS. The department of natural resources shall adopt
28 rules pursuant to chapter 17A as necessary to allow retail
29 dealers to apply for an extended period of compliance and for
30 the department to receive and consider such applications as
31 provided in section 214A.43, prior to January 1, 2028.

32 Sec. 25. REPEAL. Section 214A.16, Code 2021, is repealed.

33 PART B

34 MISCELLANEOUS CHANGES

35 Sec. 26. Section 159A.6, subsection 1, paragraph c, Code

1 2021, is amended to read as follows:

2 c. Develop standards for decals required pursuant to
3 section ~~214A.16~~ 214A.36, which shall be designed to promote
4 the advantages of using renewable fuels. The standards may be
5 incorporated within a model decal adopted by the office.

6 Sec. 27. NEW SECTION. **214.2A Disciplinary action.**

7 The department may refuse to issue or renew and may suspend
8 or revoke a license issued to a retail dealer pursuant to
9 section 214.2 for a violation of this chapter, or chapter 214A,
10 including rules adopted by the department pursuant to section
11 214A.1A.

12 PART C

13 CODE ORGANIZATION

14 Sec. 28. CODE EDITOR DIRECTIVE.

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

17 a. Section 214A.7 to section 214A.2D.

18 b. Section 214A.8 to section 214A.2E.

19 c. Section 214A.13 to section 214A.2F.

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

23 Sec. 29. DIRECTIONS TO THE CODE EDITOR. The Code editor
24 is directed to divide Code chapter 214A as amended by this
25 division of this Act into subchapters and subchapter parts as
26 follows:

27 1. Subchapter I, including sections 214A.1 and 214A.1A.

28 2. Subchapter II, including sections 214A.2 through
29 214A.2F.

30 3. Subchapter III, including sections 214A.3 through
31 214A.30.

32 4. Subchapter IV, subdivided into part 1, including
33 sections 214A.31 through 214A.40; and part 2, including
34 sections 214A.41 through 214A.43.

35 PART D

1 EFFECTIVE DATES

2 Sec. 30. EFFECTIVE DATE.

3 1. Except as provided in subsection 2, this division of this
4 Act takes effect October 1, 2021.

5 2. The section of this division of this Act enacting section
6 214A.1A takes effect upon enactment. However, rules adopted by
7 the department of agriculture and land stewardship pursuant to
8 that section shall not take effect prior to October 1, 2021.

9 3. The section of this division of this Act requiring the
10 department of natural resources to adopt rules as necessary
11 to allow retail dealers to apply for an extended period of
12 compliance pursuant to section 214A.43 and for the department
13 to consider those applications takes effect upon enactment.
14 However, the department is not required to adopt such rules
15 until January 1, 2027.

16 DIVISION II
17 RENEWABLE FUEL INFRASTRUCTURE
18 PART A

19 FINANCIAL INCENTIVES FOR RETAIL MOTOR FUEL SITES

20 Sec. 31. Section 159A.11, subsection 1, Code 2021, is
21 amended to read as follows:

22 1. *"Biodiesel", "biodiesel blended fuel", "biodiesel
23 fuel", "E-85 gasoline", "ethanol", "ethanol blended gasoline",
24 "gasoline", "motor fuel", "retail dealer", and "retail motor fuel
25 site", and "small retail dealer"* mean the same as defined in
26 section 214A.1.

27 Sec. 32. Section 159A.12, Code 2021, is amended to read as
28 follows:

29 ~~159A.12 Classification~~ Classifications of renewable types of
30 motor fuel — gasoline and diesel fuel.

31 For purposes of this subchapter, all of the following apply
32 to types of motor fuel:

33 1. Gasoline, ethanol, and ethanol blended fuel ~~and~~
34 ~~biodiesel fuel~~ gasoline shall be classified in the same manner
35 as provided in section 214A.2.

1 2. Diesel fuel, biodiesel fuel, and biodiesel blended fuel
2 shall be classified in the same manner as provided in section
3 214A.2.

4 Sec. 33. Section 159A.13, subsection 6, Code 2021, is
5 amended by striking the subsection.

6 Sec. 34. Section 159A.14, subsections 1 and 2, Code 2021,
7 are amended to read as follows:

8 1. The purpose of the program is to improve retail
9 motor fuel sites by installing, replacing, or converting
10 infrastructure to be used to store, ~~blend, or~~ and dispense, or
11 store, blend, and dispense, renewable fuel. The infrastructure
12 ~~shall be ethanol infrastructure or biodiesel infrastructure.~~

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

15 ~~(a)~~ (1) Store and dispense E-15 gasoline ethanol classified
16 as E-100 or store ethanol blended gasoline classified as E-85
17 or higher. At least for the period beginning on September 16
18 and ending on May 31 of each year, the ethanol infrastructure
19 ~~must be used to store and dispense E-15 gasoline as a~~
20 ~~registered fuel recognized by the United States environmental~~
21 ~~protection agency.~~

22 ~~(b)~~ (2) Store and dispense Dispense ethanol blended
23 gasoline classified as E-85 gasoline or higher.

24 ~~(c)~~ (3) Store, ethanol classified as E-100 or store
25 ethanol blended gasoline classified as E-85 or higher to blend,
26 and dispense motor fuel ethanol or ethanol blended gasoline
27 classified as E-85 or higher from a motor fuel blender pump.
28 ~~The ethanol infrastructure must be used for the storage of~~
29 ~~ethanol or ethanol blended gasoline, or for blending ethanol~~
30 ~~with gasoline.~~ The ethanol infrastructure must at least
31 include a motor fuel blender pump which dispenses different
32 classifications of ethanol blended gasoline and allows E-85
33 gasoline to be dispensed at all times that the blender pump is
34 operating.

35 ~~(2)~~ b. (1) Biodiesel infrastructure shall be designed and

1 ~~used exclusively~~ have the capacity to do any of the following:

2 (a) Store and dispense ~~biodiesel or~~ biodiesel blended fuel
3 classified as B-20 or higher.

4 (b) ~~Blend or~~ Store biodiesel classified as B-100 or
5 store biodiesel blended fuel classified as B-20 or higher,
6 to blend and dispense biodiesel blended fuel classified as
7 B-20 or higher from a motor fuel blender pump. The biodiesel
8 infrastructure must at least include a motor fuel blender pump
9 which dispenses different classifications of biodiesel blended
10 fuel and allows B-20 to be dispensed at all times that the
11 blender pump is operating.

12 (2) This paragraph "b" is repealed July 1, 2024.

13 ~~b.~~ c. The infrastructure must be part of the premises of
14 a retail motor fuel site operated by a retail dealer. The
15 infrastructure shall not include a tank vehicle.

16 2. A person may apply to the department to participate in
17 the program to receive financial incentives on a cost-share
18 basis as provided in this section. The department shall
19 forward the applications ~~to the underground storage tank~~
20 ~~fund board as required by that board for evaluation and~~
21 ~~recommendation. The underground storage tank fund board may~~
22 ~~rank the applications with comments and shall forward them~~
23 to the infrastructure board for approval or disapproval.
24 The department shall establish a deadline for submitting
25 applications by persons seeking to participate in the program.
26 The infrastructure board shall approve all applications to
27 improve existing retail motor fuel sites before approving
28 applications to improve any retail motor fuel site planned to
29 be constructed or expanded or in any stage of construction
30 or expansion. The infrastructure board shall then provide
31 a priority in approving applications submitted by eligible
32 persons who are small retail dealers. Upon request of the
33 department of natural resources, the department of agriculture
34 and land stewardship shall submit a statement to the department
35 of natural resources certifying a small retail dealer's

1 proposed financing of ethanol infrastructure as provided
2 in section 214A.43. The department shall award financial
3 incentives ~~on a cost-share basis~~ to an eligible person whose
4 application was approved by the infrastructure board.

5 Sec. 35. Section 159A.14, subsection 5, Code 2021, is
6 amended to read as follows:

7 5. An award of financial incentives to a participating
8 person shall be on a cost-share basis in the form of a grant.
9 To participate in the program, an eligible person must execute
10 a cost-share agreement with the department as approved by
11 the infrastructure board in which the person contributes
12 a percentage of the total costs related to improving the
13 retail motor fuel site. ~~A cost-share agreement shall be for~~
14 ~~a three-year period or a five-year period.~~ A cost-share
15 agreement shall include provisions for standard financial
16 incentives or standard financial incentives and supplemental
17 financial incentives as provided in this subsection. The
18 ~~infrastructure board may approve multiple improvements to the~~
19 ~~same retail motor fuel site for the full amount available for~~
20 ~~both ethanol infrastructure and biodiesel infrastructure so~~
21 ~~long as the improvements for ethanol infrastructure and for~~
22 ~~biodiesel infrastructure are made under separate cost-share~~
23 ~~agreements.~~

24 a. ~~(1) Except as provided in paragraph "b", a~~ A
25 participating person may be awarded standard financial
26 incentives to make improvements to a retail motor fuel site by
27 installing, replacing, or converting ethanol infrastructure as
28 provided in this section.

29 (1) The standard financial incentives awarded to a
30 participating person shall ~~not exceed the following:~~

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

34 ~~(b) For~~ be awarded to a participating person pursuant to a
35 five-year cost-share agreement, not to exceed seventy percent

1 of the actual cost of making the improvement or fifty thousand
2 dollars, whichever is less.

3 (2) As part of the cost-share agreement, the participating
4 person must agree that for the period of the agreement the
5 ethanol infrastructure shall be used to store and dispense
6 ethanol or ethanol blended gasoline classified as E-15 or
7 higher or store, blend, and dispense ethanol or ethanol blended
8 gasoline classified as E-15 or higher.

9 ~~(2)~~ (3) The infrastructure board may approve multiple
10 awards of standard financial incentives to make improvements
11 to a 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. A participating person may be awarded standard financial
15 incentives to improve a retail motor fuel site by installing,
16 replacing, or converting biodiesel infrastructure as provided
17 in this section.

18 (1) The standard financial incentives shall be awarded to
19 a participating person pursuant to a three-year cost-share
20 agreement not to exceed fifty percent of the actual cost of
21 making the improvement or thirty thousand dollars, whichever
22 is less.

23 (2) As part of the cost-share agreement, the participating
24 person must agree that for the period of the agreement the
25 biodiesel infrastructure shall be used to store and dispense
26 biodiesel or biodiesel blended fuel classified as B-20 or
27 higher, or store, blend, and dispense biodiesel or biodiesel
28 blended fuel classified as B-20 or higher, from April 1 to
29 October 31 and biodiesel blended fuel classified as B-5 or
30 higher from November 1 to March 31.

31 (3) This paragraph "b" is repealed July 1, 2024.

32 c. (1) The infrastructure board may approve multiple
33 improvements to the same retail motor fuel site for the full
34 amount available for both ethanol infrastructure and biodiesel
35 infrastructure so long as the improvements for ethanol

1 infrastructure and for biodiesel infrastructure are made under
2 separate cost-share agreements.

3 (2) This paragraph "c" is repealed July 1, 2024.

4 d. In addition to any standard financial incentives awarded
5 to a participating person under ~~paragraph "a"~~ this subsection,
6 the participating person may be awarded supplemental financial
7 incentives to make improvements to a retail motor fuel site to
8 ~~do any of the following:~~

9 ~~(1) Upgrade or replace a dispenser which is part of~~
10 ~~gasoline storage and dispensing infrastructure used to store~~
11 ~~and dispense E-85 gasoline as provided in [section 455C.31.](#)~~
12 ~~The participating person is only eligible to be awarded the~~
13 ~~supplemental financial incentives if the person installed the~~
14 ~~dispenser not later than sixty days after July 27, 2011. The~~
15 ~~supplemental financial incentives awarded to the participating~~
16 ~~person shall not exceed seventy-five percent of the actual cost~~
17 ~~of making the improvement or thirty thousand dollars, whichever~~
18 ~~is less.~~

19 ~~(2) To improve additional retail motor fuel sites owned or~~
20 ~~operated by a participating person within a twelve-month period~~
21 ~~as provided in the cost-share agreement. The supplemental~~
22 ~~financial incentives shall be used for the installation of an~~
23 ~~additional tank and associated infrastructure at each such~~
24 ~~retail motor fuel site. A participating person may be awarded~~
25 ~~supplemental financial incentives under this ~~subparagraph~~~~
26 ~~paragraph and standard financial incentives under ~~paragraph~~~~
27 ~~"a" this subsection to improve the same motor fuel site. The~~
28 ~~supplemental financial incentives awarded to the participating~~
29 ~~person shall not exceed twenty-four thousand dollars. The~~
30 ~~participating person shall be awarded the supplemental~~
31 ~~financial incentives on a cumulative basis according to the~~
32 ~~schedule provided in this ~~subparagraph~~ paragraph, which shall~~
33 ~~not exceed the following:~~

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

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

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

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

7 Sec. 36. Section 159A.16, subsection 3, Code 2021, is
8 amended to read as follows:

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

15 a. (1) For each fiscal year of the period beginning July 1,
16 2021, and ending June 30, 2024, not more than one million two
17 hundred fifty thousand dollars shall be allocated to support
18 all of the following:

19 (a) 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) The renewable fuel infrastructure program for biodiesel
24 terminal facilities as provided in section 159A.15.

25 (2) This paragraph "a" is repealed July 1, 2024.

26 ~~b. Up to fifty~~ For the fiscal year beginning July 1, 2021,
27 and for each fiscal year thereafter, not more than one hundred
28 thousand dollars shall be allocated each fiscal year to the
29 department to support the administration of the programs.

30 ~~c. The~~ For the fiscal year beginning July 1, 2021, and
31 for each fiscal year thereafter, the department may use up to
32 one and one-half percent of the program funds to market the
33 programs. Otherwise the moneys shall not be transferred, used,
34 obligated, appropriated, or otherwise encumbered except to
35 allocate as financial incentives under the programs.

1 Sec. 37. RENEWABLE FUEL INFRASTRUCTURE AGREEMENTS. The
2 department of agriculture and land stewardship shall continue
3 to administer any outstanding cost-share agreement executed
4 prior to July 1, 2024, in which a participating person
5 was awarded a grant to improve a retail motor fuel site by
6 installing, replacing, or converting infrastructure to be used
7 to store and dispense biodiesel blended fuel or blend and
8 dispense biodiesel blended fuel as provided in section 159A.14,
9 as amended by this Act.

10

PART B

11

REQUIREMENTS FOR STORAGE AND DISPENSING INFRASTRUCTURE

12

Sec. 38. Section 323.4A, subsection 2, paragraphs a and b,

13

Code 2021, are amended to read as follows:

14

a. Installing, converting, or operating a storage tank

15

or a dispenser located on the distributor's or dealer's

16

business premises for use in storing or dispensing renewable

17

fuel. ~~However, this paragraph does not apply to a dealer or~~

18

~~distributor whose business premises are leased from the other~~

19

~~party furnishing the renewable fuel.~~

20

b. Using a dispenser to dispense ethanol blended gasoline,

21

including gasoline with a specified blend or a range of blends

22

under [chapter 214A](#), if the dispenser is approved as required by

23

the state fire marshal for dispensing the specified blend or

24

range of blends, ~~including as provided in [section 455G.31](#).~~

25

Sec. 39. NEW SECTION. 455G.32 Definitions.

26

As used in this subchapter unless the context otherwise

27

requires:

28

1. "Department" means the department of natural resources.

29

2. "Ethanol blended gasoline" means the same as defined in

30

section 214A.1.

31

3. "Gasoline fuel storage and dispensing infrastructure" or

32

"infrastructure" means a motor fuel storage tank located above

33

ground or below ground, motor fuel pump, and a dispensing unit

34

necessary to store and dispense gasoline at a retail motor fuel

35

site as defined in section 214A.1, including but not limited to

1 all associated equipment, dispensing units, dispensers, pumps,
2 pipes, hoses, tubes, lines, fittings, valves, filters, seals,
3 and covers.

4 4. "Retail dealer" means the same as defined in section
5 214A.1.

6 Sec. 40. NEW SECTION. **455G.33 Restrictions.**

7 1. A retail dealer shall not install, replace, or convert
8 gasoline fuel storage and dispensing infrastructure unless the
9 installed, replaced, or converted infrastructure is capable of
10 storing and dispensing ethanol blended gasoline classified as
11 E-85 or higher.

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

13 a. Listed as compatible for use with ethanol blended
14 gasoline classified as E-85 or higher by an independent testing
15 laboratory or as approved by the manufacturer.

16 b. Approved by the department or state fire marshal subject
17 to conditions determined necessary by the department or state
18 fire marshal. The department or state fire marshal may waive
19 the requirement in paragraph "a" upon satisfaction that a
20 substitute requirement serves the same purpose.

21 Sec. 41. REPEAL. Section 455G.31, Code 2021, is repealed.

22 Sec. 42. EFFECTIVE DATE. This part of this division of this
23 Act takes effect October 1, 2021.

24 DIVISION III

25 TAXATION

26 PART A

27 INCOME TAX

28 Sec. 43. Section 422.110, subsection 8, Code 2021, is
29 amended to read as follows:

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

31 Sec. 44. Section 422.11P, subsection 4, Code 2021, is
32 amended to read as follows:

33 4. For a retail dealer whose tax year is on a calendar year
34 basis, the retail dealer shall calculate the amount of the tax
35 credit by multiplying a designated rate by the retail dealer's

1 total biodiesel blended fuel gallonage as provided in section
2 452A.31 which qualifies under [this subsection](#).

3 *a.* In order to qualify for the tax credit, the biodiesel
4 blended fuel must be classified as ~~B-5~~ B-11 or higher as
5 provided in ~~paragraph "b"~~ this subsection.

6 *b.* Beginning January 1, ~~2018~~ 2022, the designated rate is
7 determined as follows:

8 ~~(1) For biodiesel blended fuel classified as B-5 or higher~~
9 ~~but not as high as B-11, the designated rate is three and~~
10 ~~one-half cents.~~

11 ~~(2) For biodiesel blended fuel classified as B-11 or higher,~~
12 ~~the designated rate is five and one-half cents.~~

13 (1) (a) During the period beginning January 1 and ending
14 March 31, and during the period beginning November 1 and ending
15 December 31, for biodiesel blended fuel classified as B-11 or
16 higher up to but not including B-20, the designated rate is
17 four cents.

18 (b) During the period beginning January 1 and ending
19 December 31, for biodiesel blended fuel classified as B-20 or
20 higher up to but not including B-30, the designated rate is six
21 cents.

22 (c) During the period beginning January 1 and ending
23 December 31, for biodiesel blended fuel classified as B-30 or
24 higher, the designated rate is ten cents.

25 (2) A retail dealer is eligible to claim a tax credit
26 for a biodiesel blended fuel classified as higher than B-20
27 under subparagraph (1), subparagraph subdivision (b) or (c),
28 for each tax year beginning January 1 immediately following
29 the effective date of rules adopted by the department of
30 agriculture and land stewardship establishing standards for
31 that classification as provided in sections 214A.2.

32 Sec. 45. Section 422.11P, subsection 8, Code 2021, is
33 amended to read as follows:

34 8. [This section](#) is repealed January 1, ~~2025~~ 2028.

35 Sec. 46. Section 422.11Y, subsection 4, paragraph b, Code

1 2021, is amended to read as follows:

2 ~~b. The Beginning January 1, 2022, the designated rate of the~~
3 ~~tax credit for the following three periods within each calendar~~
4 ~~year is as follows:~~

5 ~~(1) For the first period beginning January 1 and ending May~~
6 ~~31, three four cents.~~

7 ~~(2) For the second period beginning June 1 and ending~~
8 ~~September 15, ten cents.~~

9 ~~(3) For the third period beginning September 16 and ending~~
10 ~~December 31, three cents.~~

11 Sec. 47. Section 422.11Y, subsection 9, Code 2021, is
12 amended to read as follows:

13 9. **This section** is repealed on January 1, ~~2025~~ 2028.

14 Sec. 48. Section 422.33, subsection 11B, paragraph c, Code
15 2021, is amended to read as follows:

16 c. **This subsection** is repealed on January 1, ~~2025~~ 2028.

17 Sec. 49. Section 422.33, subsection 11C, paragraph c, Code
18 2021, is amended to read as follows:

19 c. **This subsection** is repealed on January 1, ~~2025~~ 2028.

20 Sec. 50. Section 422.33, subsection 11D, paragraph c, Code
21 2021, is amended to read as follows:

22 c. **This subsection** is repealed on January 1, ~~2025~~ 2028.

23 Sec. 51. 2006 Iowa Acts, chapter 1142, section 49,
24 subsection 3, as amended by 2011 Iowa Acts, chapter 113,
25 section 20, and 2016 Iowa Acts, chapter 1106, section 6, is
26 amended to read as follows:

27 3. For a retail dealer who may claim an E-85 gasoline
28 promotion tax credit under **section 422.110** or 422.33,
29 subsection 11B, as enacted in this Act and amended in
30 subsequent Acts, in calendar year ~~2024~~ 2027 and whose tax
31 year ends prior to December 31, ~~2024~~ 2027, the retail dealer
32 may continue to claim the tax credit in the retail dealer's
33 following tax year. In that case, the tax credit shall be
34 calculated in the same manner as provided in **section 422.110**
35 or **422.33, subsection 11B**, as enacted in this Act and amended

1 in subsequent Acts, for the remaining period beginning on the
2 first day of the retail dealer's new tax year until December
3 31, ~~2024~~ 2027. For that remaining period, the tax credit shall
4 be calculated in the same manner as a retail dealer whose tax
5 year began on the previous January 1 and who is calculating the
6 tax credit on December 31, ~~2024~~ 2027.

7 Sec. 52. 2011 Iowa Acts, chapter 113, section 31, as amended
8 by 2016 Iowa Acts, chapter 1106, section 10, is amended to read
9 as follows:

10 SEC. 31. TAX CREDIT AVAILABILITY. For a retail dealer
11 who may claim a biodiesel blended fuel promotion tax credit
12 under [section 422.11P](#) or [422.33, subsection 11C](#), as amended
13 in this Act and amended in subsequent Acts, in calendar year
14 ~~2024~~ 2027, and whose tax year ends prior to December 31, ~~2024~~
15 2027, the retail dealer may continue to claim the tax credit in
16 the retail dealer's following tax year. In that case, the tax
17 credit shall be calculated in the same manner as provided in
18 [section 422.11P](#) or [422.33, subsection 11C](#), as amended in this
19 Act and amended in subsequent Acts, for the remaining period
20 beginning on the first day of the retail dealer's new tax year
21 until December 31, ~~2024~~ 2027. For that remaining period, the
22 tax credit shall be calculated in the same manner as a retail
23 dealer whose tax year began on the previous January 1 and who
24 is calculating the tax credit on December 31, ~~2024~~ 2027.

25 Sec. 53. 2011 Iowa Acts, chapter 113, section 37, as amended
26 by 2016 Iowa Acts, chapter 1106, section 3, is amended to read
27 as follows:

28 SEC. 37. TAX CREDIT AVAILABILITY. For a retail dealer who
29 may claim an E-15 plus gasoline promotion tax credit under
30 [section 422.11Y](#) or [422.33, subsection 11D](#), as enacted in this
31 Act and amended in subsequent Acts, in calendar year ~~2024~~
32 2027, and whose tax year ends prior to December 31, ~~2024~~ 2027,
33 the retail dealer may continue to claim the tax credit in the
34 retail dealer's following tax year. In that case, the tax
35 credit shall be calculated in the same manner as provided in

1 section 422.11Y or **422.33, subsection 11D**, as enacted in this
2 Act and amended in subsequent Acts, for the remaining period
3 beginning on the first day of the retail dealer's new tax year
4 until December 31, ~~2024~~ 2027. For that remaining period, the
5 tax credit shall be calculated in the same manner as a retail
6 dealer whose tax year began on the previous January 1 and who
7 is calculating the tax credit on December 31, ~~2024~~ 2027.

8 PART B

9 MOTOR FUEL TAX

10 Sec. 54. NEW SECTION. **452A.2A Classification of types of**
11 **motor fuel — gasoline and diesel fuel.**

12 For purposes of this subchapter, all of the following apply
13 to types of motor fuel:

14 1. Gasoline, ethanol, and ethanol blended gasoline shall be
15 classified in the same manner as provided in section 214A.2.

16 2. Diesel fuel, biodiesel fuel, and biodiesel blended fuel
17 shall be classified in the same manner as provided in section
18 214A.2.

19 Sec. 55. Section 452A.8, subsection 2, paragraph a, Code
20 2021, is amended by adding the following new subparagraph:

21 NEW SUBPARAGRAPH. (3) The gallonage of gasoline or diesel
22 fuel withdrawn from a terminal by a licensee to be blended
23 with a biofuel after it is withdrawn from the terminal to the
24 extent the tax rate on the gasoline or diesel fuel exceeds the
25 tax rate which would be due on the ethanol blended gasoline or
26 biodiesel blended fuel.

27 Sec. 56. Section 452A.12, subsection 2, Code 2021, is
28 amended to read as follows:

29 2. A person while transporting motor fuel or undyed special
30 fuel from a refinery or marine or pipeline terminal in this
31 state or from a point outside this state over the highways
32 of this state in service other than that under subsection
33 1 shall carry in the vehicle a loading invoice showing the
34 name and address of the seller or consignor, the date and
35 place of loading, and the kind and quantity of motor fuel or

1 special fuel loaded, together with invoices showing the kind
2 and quantity of each delivery and the name and address of each
3 purchaser or consignee. An invoice carried pursuant to this
4 subsection for ethanol blended gasoline or biodiesel blended
5 fuel shall state its ~~designation~~ classification as provided in
6 section 214A.2.

7 Sec. 57. Section 452A.31, subsection 2, paragraph a,
8 subparagraph (1), unnumbered paragraph 1, Code 2021, is amended
9 to read as follows:

10 The total ethanol blended gasoline gallonage which is
11 the retail dealer's total number of gallons of ethanol
12 blended gasoline and which includes all of the following
13 ~~subclassifications~~ classifications:

14 Sec. 58. Section 452A.31, subsection 2, paragraph a,
15 subparagraph (1), subparagraph division (c), Code 2021, is
16 amended to read as follows:

17 (c) The total E-15 gasoline gallonage which is the total
18 number of gallons of ethanol blended gasoline classified as
19 E-15 or higher, up to but not including E-85 gasoline.

20 Sec. 59. Section 452A.31, subsection 2, paragraph a,
21 subparagraph (2), Code 2021, is amended to read as follows:

22 (2) The total nonblended gasoline gallonage which is
23 the total number of gallons of ~~nonblended ethanol~~ gasoline
24 classified as E-0.

25 Sec. 60. Section 452A.31, subsection 3, paragraph a,
26 subparagraphs (2) and (3), Code 2021, are amended to read as
27 follows:

28 (2) The total B-11 gallonage which is the total number of
29 gallons of biodiesel blended fuel classified as B-11 or higher
30 up to but not including B-20.

31 (3) The total nonblended diesel fuel gallonage which is the
32 total number of gallons of diesel fuel ~~which is not biodiesel~~
33 ~~or biodiesel blended fuel~~ classified as B-0.

34 Sec. 61. Section 452A.31, subsection 3, paragraph a, Code
35 2021, is amended by adding the following new subparagraphs:

1 NEW SUBPARAGRAPH. (03) The total B-20 gallonage which
2 is the total number of gallons of biodiesel blended fuel
3 classified as B-20 or higher up to but not including B-30.

4 NEW SUBPARAGRAPH. (003) The total B-30 gallonage which
5 is the total number of gallons of biodiesel blended fuel
6 classified as B-30 or higher.

7 Sec. 62. Section 452A.31, subsection 4, paragraph a,
8 subparagraph (1), unnumbered paragraph 1, Code 2021, is amended
9 to read as follows:

10 The aggregate ethanol blended gasoline gallonage
11 which is the aggregate total number of gallons of ethanol
12 blended gasoline and which includes all of the following
13 ~~subclassifications~~ classifications:

14 Sec. 63. Section 452A.31, subsection 4, paragraph a,
15 subparagraph (1), subparagraph division (c), Code 2021, is
16 amended to read as follows:

17 (c) The aggregate E-15 gasoline gallonage which is the
18 aggregate total number of gallons of ethanol blended gasoline
19 classified as E-15 or higher, up to but not including E-85
20 gasoline.

21 Sec. 64. Section 452A.31, subsection 4, paragraph a,
22 subparagraph (2), Code 2021, is amended to read as follows:

23 (2) The aggregate nonblended gasoline gallonage, which is
24 the aggregate number of gallons of ~~nonblended ethanol~~ gasoline
25 classified as E-0.

26 Sec. 65. Section 452A.31, subsection 5, paragraph a,
27 subparagraphs (2) and (3), Code 2021, are amended to read as
28 follows:

29 (2) The aggregate B-11 gallonage which is the aggregate
30 total number of gallons of biodiesel blended fuel classified as
31 B-11 or higher up to but not including B-20.

32 (3) The aggregate nonblended diesel fuel gallonage which
33 is the aggregate number of gallons of diesel fuel ~~which is not~~
34 ~~biodiesel or biodiesel blended fuel~~ classified as B-0.

35 Sec. 66. Section 452A.31, subsection 5, paragraph a, Code

1 2021, is amended by adding the following new subparagraphs:

2 NEW SUBPARAGRAPH. (03) The aggregate B-20 gallonage which
3 is the aggregate total number of gallons of biodiesel blended
4 fuel classified as B-20 or higher up to but not including B-30.

5 NEW SUBPARAGRAPH. (003) The aggregate B-30 gallonage which
6 is the aggregate total number of gallons of biodiesel blended
7 fuel classified as B-30 or higher.

8 Sec. 67. Section 452A.33, subsection 1, paragraph a, Code
9 2021, is amended to read as follows:

10 a. Each retail dealer shall file a report with the
11 department stating its total motor fuel gallonage ~~for~~ and its
12 total gallonage for each type of motor fuel, including gasoline
13 and diesel fuel, during a determination period as follows:

14 (1) Its total gasoline gallonage and its total
15 ethanol gallonage, including for each classification ~~and~~
16 ~~subclassification~~ as provided in [section 452A.31](#).

17 (2) Its total diesel fuel gallonage and its total
18 biodiesel gallonage, including for each classification ~~and~~
19 ~~subclassification~~ as provided in [section 452A.31](#).

20 Sec. 68. Section 452A.33, subsection 1, paragraph b,
21 subparagraphs (1) and (2), Code 2021, are amended to read as
22 follows:

23 (1) The information submitted on a company-wide basis shall
24 include the total motor fuel gallonage, including for each type
25 and classification ~~and subclassification~~, sold and dispensed
26 by the retail dealer as provided in paragraph "a" for all
27 retail motor fuel sites from which the retail dealer sells and
28 dispenses motor fuel.

29 (2) The information submitted on a site-by-site basis shall
30 include the total motor fuel gallonage, including for each type
31 and classification ~~and subclassification~~, sold and dispensed by
32 the retail dealer as provided in paragraph "a" separately for
33 each retail motor fuel site from which the retail dealer sells
34 and dispenses motor fuel.

35 Sec. 69. Section 452A.33, subsection 1, paragraph c, Code

1 2021, is amended to read as follows:

2 c. The retail dealer shall prepare and ~~submit~~ file the
3 report with the department in a manner and according to
4 procedures required by the department in compliance with
5 section 452A.61. However, the department may require that the
6 retail dealer file the report with the department by electronic
7 transmission. The department may require that a retail
8 ~~dealers report to~~ dealer file the report with the department
9 on an annual, quarterly, or monthly basis. The department,
10 upon application by a retail dealer, may grant a reasonable
11 extension of time to file the report. A retail dealer who
12 fails to file the report as required in this section or who
13 fails to maintain records required to file the report shall be
14 subject to a civil penalty of not more than one hundred dollars
15 per occurrence which shall be deposited in the general fund of
16 the state.

17 PART C

18 EFFECTIVE DATE

19 Sec. 70. EFFECTIVE DATE. This division of this Act takes
20 effect January 1, 2022.

21 DIVISION IV

22 RENEWABLE FUEL USE BY STATE MOTOR VEHICLES

23 Sec. 71. Section 8A.362, subsection 3, paragraph b, Code
24 2021, is amended by striking the paragraph and inserting in
25 lieu thereof the following:

26 b. The director shall provide for the purchase and operation
27 of motor vehicle fuel and motor vehicles in the manner provided
28 in section 8A.362A.

29 Sec. 72. NEW SECTION. 8A.362A Definitions and
30 classifications.

31 1. As used in section 8A.362B and 8A.362C, unless the
32 context otherwise requires:

33 a. "*Biodiesel blended fuel*" means the same as defined in
34 section 214A.1.

35 b. "*Biofuel*" means the same as defined in section 214A.1.

1 *c.* "Determination period" means any twelve-month period
2 beginning January 1 and ending December 31.

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

5 *e.* "Renewable fuel" means ethanol blended gasoline or
6 biodiesel blended fuel that meets the standards for that type
7 of motor fuel as provided in section 214A.2.

8 2. For purposes of sections 8A.362B and 8A.362C, a renewable
9 fuel shall be classified in the same manner as provided in
10 section 214A.2.

11 Sec. 73. NEW SECTION. **8A.362B Motor vehicle purchases —**
12 **renewable fuels.**

13 1. A gasoline-powered motor vehicle, or a diesel-powered
14 motor vehicle, operating under section 8A.362, shall be powered
15 using the highest possible classification of renewable fuel if
16 all of the following apply:

17 *a.* The manufacturer of the motor vehicle or the United
18 States environmental protection agency expressly states that
19 the classification of renewable fuel is compatible with the
20 motor vehicle's normal operation.

21 *b.* That classification of renewable fuel is commercially
22 available in the region where the motor vehicle is being
23 operated.

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

27 2. If the highest possible classification of renewable
28 fuel is able to be used to power a motor vehicle as provided
29 in subsection 1, a state-issued credit card shall not be
30 used to purchase motor fuel other than the highest possible
31 classification of motor fuel.

32 3. A motor vehicle subject to this section shall be
33 affixed with a brightly colored, highly visible sticker which
34 notifies the traveling public that the motor vehicle is powered
35 using the highest possible classification of renewable fuel.

1 However, the sticker is not required to be affixed to an
2 unmarked vehicle used for purposes of providing law enforcement
3 or security.

4 4. As part of the department's competitive bidding
5 procedure for the purchase of a diesel-powered motor vehicle,
6 the director shall require that a bidder certify that the
7 motor vehicle's manufacturer expressly states that the motor
8 vehicle is capable of being powered using biodiesel blended
9 fuel classified as B-20 or higher.

10 Sec. 74. NEW SECTION. **8A.362C Motor vehicle purchases —**
11 **renewable fuels — reports.**

12 1. The department shall compile information regarding
13 the department's compliance with section 8A.362B during the
14 previous determination period. The information shall include
15 all of the following:

16 a. Of the motor vehicles used to routinely travel on the
17 state's highways that are powered using gasoline, all of the
18 following:

19 (1) The total number of such motor vehicles according to
20 model year.

21 (2) The total number of such motor vehicles according to
22 model year that are capable of being powered using ethanol
23 blended gasoline classified as E-15 and E-85 according to the
24 express warranty of the motor vehicle's manufacturer.

25 (3) The total number of gallons of ethanol blended gasoline
26 classified as E-15, and the total number of gallons of ethanol
27 blended gasoline classified as E-85, purchased during the
28 preceding determination period, to the extent such information
29 may be practically obtained.

30 b. Of the motor vehicles used to routinely travel on the
31 state's highways that are powered using diesel fuel, all of the
32 following:

33 (1) The total number of such motor vehicles according to
34 model year.

35 (2) The total number of such motor vehicles according to

1 model year that are capable of being powered using biodiesel
2 blended fuel classified as B-20 according to the express
3 warranty of the motor vehicle's manufacturer.

4 (3) The total number of gallons of biodiesel blended fuel
5 classified as B-20 purchased during the preceding determination
6 period, to the extent such information may be practically
7 obtained.

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

20 Sec. 75. Section 216B.3, subsection 16, paragraph a, Code
21 2021, is amended by striking the paragraph and inserting in
22 lieu thereof the following:

23 a. Provide for the purchase and operation of motor vehicles
24 powered by renewable fuel in the same manner required for the
25 director of the department of administrative services pursuant
26 to section 8A.362B. The commission shall compile information
27 regarding compliance with the provisions of this paragraph in
28 the same manner as the department of administrative services
29 pursuant to section 8A.362C. The commission shall cooperate
30 with the department of administrative services in preparing the
31 annual state fleet renewable fuels compliance report regarding
32 compliance with this paragraph as provided in section 8A.362C.

33 Sec. 76. Section 262.25A, subsection 2, Code 2021, is
34 amended by striking the subsection and inserting in lieu
35 thereof the following:

1 2. An institution shall provide for the purchase and
2 operation of motor vehicles powered by renewable fuel in
3 the same manner required for the director of the department
4 of administrative services pursuant to section 8A.362B. An
5 institution 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.362C. The state board of regents shall cooperate with
9 the department of administrative services in preparing the
10 annual state fleet renewable fuels compliance report regarding
11 compliance with this subsection as provided in section 8A.362C.

12 Sec. 77. Section 307.21, subsection 4, Code 2021, is amended
13 by striking the subsection and inserting in lieu thereof the
14 following:

15 4. The administrator shall provide for the purchase and
16 operation of motor vehicles powered by renewable fuel in
17 the same manner required for the director of the department
18 of administrative services pursuant to section 8A.362B.
19 The department of transportation shall compile information
20 regarding compliance with the provisions of this subsection in
21 the same manner as the department of administrative services
22 pursuant to section 8A.362C. The department of transportation
23 shall cooperate with the department of administrative services
24 in preparing the annual state fleet renewable fuels compliance
25 report regarding compliance with this subsection as provided
26 in section 8A.362C.

27 Sec. 78. Section 904.312A, subsection 1, Code 2021, is
28 amended by striking the subsection and inserting in lieu
29 thereof the following:

30 1. The department of corrections shall provide for the
31 purchase and operation of motor vehicles powered by renewable
32 fuel in the same manner required for the director of the
33 department of administrative services pursuant to section
34 8A.362B. The department of corrections shall compile
35 information regarding compliance with the provisions of

1 this subsection in the same manner as the department of
2 administrative services pursuant to section 8A.362C. The
3 department of corrections shall cooperate with the department
4 of administrative services in preparing the annual state fleet
5 renewable fuels compliance report regarding compliance with
6 this subsection as provided in section 8A.362C.

7 EXPLANATION

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

10 GENERAL. This bill provides for motor fuel and specifically
11 renewable fuel used to power motor vehicles, including by
12 providing for standards and restrictions, infrastructure, tax
13 credits, and requirements for state agencies.

14 MOTOR FUEL STANDARDS AND CLASSIFICATIONS. The bill
15 provides for the regulation of motor fuel advertised for
16 sale or sold to the public by a retail dealer at a retail
17 motor fuel site (retail site). Motor fuel regulations are
18 administered and enforced by the department of agriculture
19 and land stewardship (DALs) (Code chapter 214A). The bill
20 provides for two types of motor fuel, including gasoline and
21 clear (undyed) diesel fuel and their respective components.
22 This includes a renewable fuel which contains a biofuel. For
23 gasoline, the biofuel is alcohol (ethanol) and for diesel fuel,
24 the biofuel is a form of plant oil or animal fat (biofuel)
25 (amended Code section 214A.1). The amount of a biofuel
26 contained as part of either type of motor fuel is classified
27 by percentage. Ethanol blended gasoline is classified as
28 either E-xx (e.g., E-10 equaling between 9 and 10 percent
29 ethanol by volume or E-85 equaling between 70 and 85 percent
30 ethanol) and biodiesel blended diesel fuel is classified as
31 B-xx (e.g., B-5 equaling five percent biodiesel by volume)
32 (see amended Code section 214A.2). The bill distinguishes
33 between standard use gasoline and special use gasoline as well
34 as standard use diesel fuel and special use diesel fuel based
35 on a designated classification or range of classifications. A

1 motor fuel designated as special use does not meet a minimum
2 classification while a motor fuel designated as standard use
3 does meet that classification.

4 PROHIBITIONS. A retail dealer is prohibited from
5 advertising for sale or selling special use gasoline which is
6 nonblended gasoline classified as E-0 unless it is premium
7 grade gasoline with an octane grade of 91 or higher (amended
8 Code section 214A.2 and new Code section 214A.31). Beginning
9 January 1, 2028, a retail dealer is prohibited from advertising
10 for sale special use gasoline classified as E-10 or higher up
11 to but not including E-15 except if used to power certain types
12 of engines (new Code section 214A.32). On and after January
13 1, 2028, a retail dealer is prohibited from advertising for
14 sale or selling gasoline from more than two dispensing units
15 at a retail site, unless the retail dealer advertises for sale
16 standard use gasoline classified as E-15 or higher from at
17 least one of those dispensing units (new Code section 214A.33).
18 A retail dealer is prohibited from advertising for sale clear
19 diesel fuel during the period beginning April 1 and ending
20 October 31 of each year, unless it is classified as B-11 or
21 higher, which is also subject to certain exceptions (e.g., an
22 engine used to power an off-road vehicle) (new Code section
23 214A.34).

24 The bill prohibits the false advertising of a motor fuel,
25 including by designating a false classification (amended Code
26 section 214A.3). It requires the labeling of motor fuel pumps
27 (dispensing units) which must state whether the motor fuel
28 being dispensed is a special use gasoline or special use diesel
29 fuel and indicate what types of engines may be powered using
30 that type and classification of motor fuel. It eliminates a
31 provision that requires that a decal be placed on a dispensing
32 unit notifying the traveling public that gasoline is blended
33 with ethanol (repealed Code section 214A.16 and new Code
34 sections 214A.35 and 214A.36).

35 ORDER FOR A WAIVER, SUSPENSION, OR EXTENSION. The bill

1 authorizes the governor or secretary of agriculture to issue
2 an order temporarily waiving a requirement that a retail
3 dealer comply with the special use requirements if there is
4 credible evidence that the retail dealer has not been able to
5 reasonably obtain the required classification of renewable fuel
6 (new Code section 214A.41). The governor may issue an order
7 suspending compliance for all retail dealers in the state or
8 a geographic segment of the state if the governor determines
9 there is inadequate infrastructure to store or dispense
10 standard use gasoline or standard use diesel fuel or it is not
11 commercially feasible for the retail dealers to obtain the
12 required classification (new Code section 214A.42). Beginning
13 January 1, 2028, the department of natural resources (DNR) may
14 issue an order extending the period that a small retail dealer
15 operating fewer than 10 retail sites must comply with the E-15
16 standard use gasoline requirement based on the incompatibility
17 of the infrastructure (new Code section 214A.43).

18 APPLICABLE PENALTIES AND DISCIPLINARY ACTION. A person
19 who violates a provision of Code chapter 214A is guilty of
20 a serious misdemeanor (Code section 214A.11). A serious
21 misdemeanor is punishable by confinement for no more than one
22 year and a fine of at least \$430 but not more than \$2,560.
23 Alternatively, the state may initiate a civil proceeding
24 against the person for at least \$100 but not more than \$1,000
25 for each violation. The bill also provides that a retail
26 dealer's license issued under Code chapter 214 regulating
27 weights and measures may be suspended or revoked (new Code
28 section 214.2A and amended Code section 214A.11).

29 RENEWABLE FUEL INFRASTRUCTURE — FINANCING PROGRAM. The
30 bill provides for the storage, blending, and dispensing of
31 types of motor fuel containing a biofuel. This includes two
32 programs administered by DALS providing state financing in
33 the form of an award of cost-share moneys under an agreement
34 executed by DALS and a participating person who is either a
35 retail dealer (amended Code section 159A.14) or a biodiesel

1 terminal facility (Code section 159A.15). For a retail
 2 dealer, the program supports the installation, replacement, or
 3 conversion of renewable fuel compatible infrastructure at a
 4 retail site (amended Code section 159A.14). The moneys must
 5 be used to support improvements used to store biofuel, store
 6 and dispense a renewable fuel, or store, blend, and dispense
 7 a renewable fuel. The bill provides the infrastructure must
 8 be capable of storing and dispensing E-85 or higher or B-20
 9 or higher and the infrastructure must be used to store and
 10 dispense E-15 or to store and dispense B-20 from April 1 to
 11 October 31 and B-5 from November 1 to March 31. A preference is
 12 provided to improve existing retail sites and to small retail
 13 dealers. The financial incentives for biodiesel improvements
 14 must be awarded pursuant to a three-year cost-share agreement
 15 not to exceed 50 percent of the cost of the improvement or
 16 \$30,000, whichever is less. The bill provides for how moneys
 17 in the renewable fuel infrastructure fund are allocated to
 18 support either the program for retail dealers or biodiesel
 19 terminal facilities (amended Code section 159A.15). The
 20 provisions awarding financial assistance to retail dealers to
 21 support biodiesel infrastructure at retail sites are eliminated
 22 on July 1, 2024.

23 ETHANOL INFRASTRUCTURE — REQUIREMENTS. The bill
 24 establishes requirements for the installation, replacement, or
 25 conversion of gasoline storage and dispensing infrastructure
 26 at retail sites. Such infrastructure must be compatible with
 27 E-85 in compliance with standards required by an independent
 28 testing laboratory or the manufacturer, and either the DNR or
 29 the state fire marshal (repealed Code section 455G.31 and new
 30 Code sections 455G.32 and 455G.33).

31 INCOME TAX CREDITS. The bill extends the expiration date
 32 of three renewable fuel tax programs from January 1, 2025, to
 33 January 1, 2028, including: (1) the E-85 gasoline promotion
 34 tax credit (amended Code sections 422.110 and 422.33(11B)), (2)
 35 the biodiesel blended fuel tax credit (Code sections 422.11P

1 and 422.33(11C)), and (3) the E-15 plus gasoline promotion tax
2 credit (amended Code sections 422.11Y and 422.33(11D)). The
3 provisions are administered and enforced by the department of
4 revenue (DOR). In each case, the tax credit is calculated by
5 taking the number of gallons of renewable fuel sold multiplied
6 by a designated rate (rate). The rate may differ depending
7 upon the time of year or its classification. Under the bill,
8 for biodiesel blended fuel classified as B-11 or higher up to
9 but not including B-20 during the period beginning January 1
10 and ending March 31 and during the period beginning November
11 1 and ending December 31, the rate is 4 cents. During the
12 period beginning January 1 and ending December 31, for
13 biodiesel blended fuel classified as B-20 or higher up to but
14 not including B-30, the rate is 6 cents. During the period
15 beginning January 1 and ending December 31, for biodiesel
16 blended fuel classified as B-30 or higher, the rate is 10
17 cents. For ethanol blended gasoline classified as E-15 or
18 higher up to but not including E-85, the rate is 4 cents.

19 **MOTOR FUEL TAXES.** The bill amends provisions determining
20 the tax liability of a supplier or importer of motor fuel
21 (amended Code section 452A.8). The bill provides a deduction
22 to the extent the tax rate on gallonage withdrawn for purposes
23 of blending with biofuel exceeds the rate which would be due on
24 the ethanol blended gasoline or biodiesel blended fuel.

25 **REPORTING REQUIREMENTS.** The bill amends provisions
26 requiring retail dealers to report to DOR the total number
27 of gallons of motor fuel sold and dispensed at sites during
28 each year, including the types and classifications of motor
29 fuel (amended Code sections 452A.31 and 452A.32). Based on
30 information in those reports, DOR prepares a report compiling
31 that information on an aggregate basis. The bill makes changes
32 in terminology and requires that the information include the
33 total and aggregate number of gallons of biodiesel blended
34 fuel classified as B-20 or higher up to but not including B-30
35 and biodiesel blended fuel classified as B-30 or higher. The

1 bill provides procedures for filing a retail dealer report and
2 subjects a retail dealer who fails to file a report to a civil
3 penalty of not more than \$100.

4 USE OF RENEWABLE FUEL BY THE STATE MOTOR VEHICLE FLEET.
5 Current law requires state and local governments to power
6 motor vehicles using any classification of renewable fuel
7 (E-10 or B-1). A state-issued credit card cannot be used
8 to purchase motor fuel other than renewable fuel unless it
9 is not commercially available or there is an emergency. The
10 motor vehicle being powered by motor fuel must be affixed with
11 a sticker that notifies the traveling public that the motor
12 vehicle is powered using renewable fuel. The bill provides
13 that a motor vehicle which is part of the state government
14 fleet must be powered using the highest classification of
15 renewable fuel available so long as (1) it is warranted by
16 the motor vehicle's manufacturer, (2) that classification is
17 available, and (3) an emergency situation does not exist.
18 The bill also requires a state entity to revise its bidding
19 procedures as necessary to account for the purchase of motor
20 vehicles powered by biodiesel blended fuel classified as
21 B-20 or higher. The state entities involved include the
22 department of administrative services (new Code sections
23 8A.362A, 8A.362B, and 8A.362C), the commission for the blind
24 (amended Code section 216B.3), institutions governed by the
25 board of regents (amended Code section 262.25A), the department
26 of transportation (amended Code section 307.21), and the
27 department of corrections (amended Code section 904.312A).

28 The bill requires the department of administrative services,
29 in cooperation with the other entities operating motor
30 vehicles, to prepare an annual report to be submitted to the
31 governor and general assembly providing information regarding
32 the number of state motor vehicles powered using motor fuel,
33 including gasoline and diesel fuel, the number of those motor
34 vehicles capable of being powered using E-15 and E-85 or B-20,
35 and the number of gallons of renewable fuel purchased.

1 EFFECTIVE DATES. The provisions of the bill relating
2 to motor fuel standards and classifications and associated
3 prohibitions generally take effect October 1, 2021. However,
4 provisions relating to rulemaking by DALs and DNR take effect
5 upon enactment. The provisions relating to renewable fuel
6 infrastructure take effect July 1, 2021. The provisions
7 relating to gasoline fuel storage and dispensing infrastructure
8 take effect October 1, 2021. The provisions relating to tax
9 credits and motor fuel taxes take effect January 1, 2022.
10 The provisions relating to renewable fuel use by state motor
11 vehicles take effect July 1, 2021.