

House Study Bill 185 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BILL)

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 fuel,
5 making appropriations, providing penalties, making penalties
6 applicable, and 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

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

7 NEW SUBSECTION. 11A. *"Dispensing unit"* means the equipment
8 connected to a motor fuel pump located at a retail motor fuel
9 site, if the equipment includes a nozzle to control the flow of
10 motor fuel discharged from the motor fuel storage tank to an
11 end point including the fuel supply tank of a motor vehicle.

12 NEW SUBSECTION. 19A. *"Motor fuel storage and dispensing
13 infrastructure"* or *"infrastructure"* means a motor fuel storage
14 tank, motor fuel pump, and a dispensing unit necessary to keep
15 and dispense motor fuel at a retail motor fuel site, including
16 but not limited to all associated equipment, dispensing units,
17 dispensers, pumps, pipes, hoses, tubes, lines, fittings,
18 valves, filters, seals, and covers.

19 NEW SUBSECTION. 26A. *"Restricted use diesel fuel"* means
20 diesel fuel that meets the standards of section 214A.2 and is
21 subject to restrictions based on classifications provided in
22 section 214A.32.

23 NEW SUBSECTION. 26B. *"Restricted use gasoline"* means
24 gasoline that meets the standards of section 214A.2 and is
25 subject to restrictions based on classifications provided in
26 section 214A.31.

27 NEW SUBSECTION. 30A. *"Standard diesel fuel"* means biodiesel
28 blended fuel that meets the standards of section 214A.2 and is
29 classified as provided in section 214A.32.

30 NEW SUBSECTION. 30B. *"Standard gasoline"* means ethanol
31 blended gasoline that meets the standards of section 214A.2 and
32 is classified as provided in section 214A.31.

33 Sec. 2. Section 214A.1, subsection 16, Code 2021, is amended
34 to read as follows:

35 16. *"Gasoline"* means any liquid product prepared,

1 advertised, offered for sale, or sold for use as, or
2 commonly and commercially used as, motor fuel for use in a
3 spark-ignition, internal combustion engine, ~~and which~~ if it
4 meets the ~~specifications~~ standards provided in [section 214A.2](#).

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

7 Sec. 4. NEW SECTION. 214A.1A Disciplinary action.

8 The department may refuse to issue or renew and may suspend
9 or revoke a license issued to a retail dealer pursuant to
10 section 214.2 for any violation of this chapter, including
11 rules adopted by the department pursuant to section 214A.2.

12 Sec. 5. Section 214A.2, subsection 3, paragraph b, Code
13 2021, is amended by striking the paragraph and inserting in
14 lieu thereof the following:

15 b. If the motor fuel is advertised for sale or sold as
16 ethanol or ethanol blended gasoline, the motor fuel must
17 comply with departmental standards which shall meet all of the
18 following requirements:

19 (1) (a) Ethanol must be a fuel grade agriculturally
20 derived ethyl alcohol and must meet the requirements
21 of 27 C.F.R. pts. 20 and 21 and A.S.T.M. international
22 specification D4806 for blending with gasoline for use as
23 automotive spark-ignition engine fuel, or a successor A.S.T.M.
24 international specification, as established by rules adopted
25 by the department.

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

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

29 (2) Gasoline blended with ethanol must meet requirements
30 based in part or in whole on A.S.T.M. international
31 specification D4814, or a successor A.S.T.M. international
32 specification, as established by rules adopted by the
33 department.

34 (3) Except as otherwise provided in this subparagraph,
35 ethanol blended gasoline shall be classified as E-xx where

1 "xx" is the volume percent of ethanol in the ethanol blended
2 gasoline. However, all of the following shall apply:

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

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

8 (c) Ethanol blended gasoline with a percentage of at least
9 seventy but not more than eighty-five percent by volume of
10 ethanol shall be classified as E-85. E-85 gasoline must meet
11 A.S.T.M. international specification D5798, or a successor
12 A.S.T.M. international specification, as established by rules
13 adopted by the department.

14 (4) In ensuring that ethanol blended gasoline meets the
15 classification requirements of this section, the department
16 shall take into account reasonable variations due to testing
17 and other limitations.

18 (5) Ethanol blended gasoline classified as higher than
19 E-20, other than E-85, must conform to A.S.T.M. international
20 specifications adopted by the department.

21 Sec. 6. Section 214A.2, subsection 3, paragraph c, Code
22 2021, is amended by adding the following new subparagraph:

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

26 (b) In ensuring that biobutanol blended gasoline meets the
27 classification requirements of this section, the department
28 shall take into account reasonable variations due to testing
29 and other limitations.

30 Sec. 7. Section 214A.2, subsection 4, paragraph b,
31 subparagraph (1), Code 2021, is amended by adding the following
32 new subparagraph divisions:

33 NEW SUBPARAGRAPH DIVISION. (a) Biodiesel shall be
34 classified as B-100.

35 NEW SUBPARAGRAPH DIVISION. (b) Diesel fuel containing no

1 biodiesel or trace amounts of biodiesel shall be classified as
2 B-0.

3 Sec. 8. Section 214A.2, subsection 4, paragraph b, Code
4 2021, is amended by adding the following new subparagraph:

5 NEW SUBPARAGRAPH. (04) (a) Biodiesel blended fuel shall be
6 classified B-xx where "xx" is the volume percent of biodiesel
7 in the biodiesel blended fuel.

8 (b) In ensuring that biodiesel blended fuel meets the
9 classification requirements of this section, the department
10 shall take into account reasonable variations due to testing
11 and other limitations.

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

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

19 Sec. 10. Section 214A.2, subsection 4, paragraph b, Code
20 2021, is amended by adding the following new subparagraph:

21 NEW SUBPARAGRAPH. (5) Biodiesel blended fuel classified
22 as higher than B-20 must conform to A.S.T.M. international
23 specifications adopted by the department.

24 Sec. 11. Section 214A.2, subsection 5, Code 2021, is amended
25 by striking the subsection.

26 Sec. 12. Section 214A.3, subsection 2, Code 2021, is amended
27 to read as follows:

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

29 a. A person shall not knowingly falsely advertise that a
30 motor fuel for sale is a renewable fuel or is not a renewable
31 fuel.

32 b. (1) ~~Ethanol-blended~~ A person shall not knowingly
33 falsely advertise that gasoline sold by a dealer shall be
34 designated according to its classification as provided in
35 section 214A.2 for sale is or is not restricted use gasoline.

1 ~~However, a person advertising E-9 or E-10 gasoline may only~~
2 ~~designate it as ethanol blended gasoline. A person advertising~~
3 ~~ethanol blended gasoline formulated with a percentage of~~
4 ~~between seventy and eighty-five percent by volume of ethanol~~
5 ~~shall designate it as E-85. A person shall not knowingly~~
6 ~~falsely advertise ethanol blended gasoline for sale by using~~
7 ~~an inaccurate designation in violation of this subparagraph~~
8 ~~classification as provided in section 214A.2.~~

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

12 (3) A person shall not knowingly falsely advertise
13 biodiesel that diesel fuel for sale is or is not restricted use
14 diesel fuel. A person shall not knowingly falsely advertise
15 restricted use biodiesel fuel for sale by using an inaccurate
16 designation classification as provided in [section 214A.2](#).

17 Sec. 13. Section 214A.16, subsection 1, Code 2021, is
18 amended to read as follows:

19 1. a. ~~If ethanol blended~~ a retail dealer advertises for
20 sale or sells restricted use gasoline is sold from a motor fuel
21 pump dispensing unit, the motor fuel pump dispensing unit shall
22 have affixed a decal identifying the ethanol blended gasoline
23 is restricted use gasoline.

24 b. ~~If the motor fuel pump dispenses~~ a retail dealer
25 advertises for sale or sells ethanol blended gasoline
26 classified as E-11 to E-15 for use in gasoline-powered vehicles
27 not required to be flexible fuel vehicles from a dispensing
28 unit, the motor fuel pump dispensing unit shall have affixed
29 a decal as prescribed by the United States environmental
30 protection agency, including as provided in 40 C.F.R. pt. 80.

31 c. ~~If the motor fuel pump dispenses~~ a retail dealer
32 advertises for sale or sells ethanol blended gasoline
33 classified as higher than standard ethanol blended gasoline
34 pursuant to [section 214A.2](#) E-85 from a dispensing unit, the
35 dispensing unit shall have affixed a decal shall contain

1 ~~language~~ that identifies the ethanol blended gasoline ~~is~~ for
2 use in flexible fuel vehicles as prescribed by the United
3 States environmental protection agency.

4 *d.* If a retail dealer advertises for sale or sells
5 biobutanol blended gasoline ~~is sold~~ from a ~~motor fuel pump~~
6 dispensing unit, the ~~motor fuel pump~~ dispensing unit shall have
7 affixed a decal identifying the biobutanol blended gasoline.

8 *e.* If a retail dealer advertises for sale or sells biodiesel
9 blended fuel is sold from a ~~motor fuel pump~~ dispensing unit,
10 the ~~motor fuel pump~~ dispensing unit shall have affixed a decal
11 identifying the biodiesel blended fuel as provided in 16 C.F.R.
12 pt. 306.

13 *f.* If a retail dealer advertises for sale or sells
14 restricted use diesel fuel from a dispensing unit, the
15 dispensing unit shall have affixed a decal identifying the
16 diesel fuel as restricted use diesel fuel.

17 **Sec. 14. NEW SECTION. 214A.31 Renewable fuel requirements**
18 **— standard gasoline and restricted use gasoline.**

19 1. *a.* A retail dealer may advertise for sale or sell
20 standard gasoline classified as E-10 or higher as provided in
21 section 214A.2 from any number of dispensing units located at a
22 retail motor fuel site.

23 *b.* Except as provided in subsection 3, a retail dealer
24 shall not advertise for sale or sell restricted use gasoline
25 classified as E-0 from more than one dispensing unit located at
26 a retail motor fuel site.

27 *c.* This subsection is repealed January 1, 2025.

28 2. *a.* A retail dealer may advertise for sale or sell
29 standard gasoline classified as E-15 or higher as provided in
30 section 214A.2 from any number of dispensing units located at a
31 retail motor fuel site.

32 *b.* On and after January 1, 2025, except as provided in
33 subsection 3, a retail dealer shall not advertise for sale
34 or sell restricted use gasoline classified as E-0 or ethanol
35 blended gasoline classified as E-10 and up to but not including

1 E-15 from more than one dispensing unit located at a retail
2 motor fuel site.

3 3. A retail dealer may advertise for sale or sell restricted
4 use gasoline from one or more dispensing units located at
5 a restricted retail motor fuel site. For purposes of this
6 section, a restricted retail motor fuel site is limited to any
7 of the following:

8 a. An airport as defined in section 328.1.

9 b. A facility primarily used to support motor vehicles that
10 are not registered for highway use, including but not limited
11 to a location dedicated to motor vehicle racing.

12 c. A marina that provides a secured mooring or dry dock
13 storage for watercraft as defined in section 462A.2.

14 d. A location that is primarily used to store or sell any
15 of the following:

16 (1) Motor vehicles manufactured before 1985.

17 (2) All-terrain vehicles or motorcycles, as those terms are
18 defined in section 321.1, or snowmobiles as defined in section
19 321G.1.

20 Sec. 15. NEW SECTION. 214A.32 Renewable fuel requirements
21 — standard diesel fuel and restricted use diesel fuel.

22 1. a. A retail dealer may advertise for sale or sell
23 standard diesel fuel classified as B-20 or higher from any
24 number of dispensing units located at a retail motor fuel site.

25 b. Except as otherwise provided in this section, a retail
26 dealer shall not advertise for sale or sell restricted use
27 diesel fuel which is diesel fuel classified as B-0 or biodiesel
28 blended fuel classified as B-1 and up to but not including
29 B-20, from more than one dispensing unit located at a retail
30 motor fuel site.

31 2. a. A retail dealer may advertise for sale or sell
32 restricted use diesel fuel which is biodiesel blended fuel
33 classified as B-5 or higher from more than one dispensing unit
34 located at a retail motor fuel site for each annual period
35 beginning October 1 and ending April 14.

1 *b.* (1) A retail dealer may advertise for sale or sell
2 restricted use diesel fuel which is biodiesel blended fuel
3 classified as B-11 or higher from more than one dispensing unit
4 located at a retail motor fuel site during any of the following
5 periods:

6 (a) From the effective date of this division of this Act
7 until September 30, 2021.

8 (b) From April 15, 2022, until September 30, 2022.

9 (c) From April 15, 2023, until September 30, 2023.

10 (2) This paragraph "*b*" is repealed October 1, 2023.

11 3. A retail dealer may advertise for sale or sell restricted
12 use diesel fuel from one or more dispensing units located at
13 a restricted retail motor fuel site. For purposes of this
14 section, a restricted retail motor fuel site is limited to any
15 of the following:

16 *a.* An airport as defined in section 328.1.

17 *b.* An electric generating plant regulated by the United
18 States nuclear regulatory commission.

19 *c.* A facility storing and serving railroad locomotives.

20 Sec. 16. NEW SECTION. 214A.33 Renewable fuel — restricted
21 use gasoline or restricted use diesel fuel waiver.

22 1. The governor may issue or renew an executive order or the
23 secretary of agriculture may issue or renew an administrative
24 order temporarily waiving a requirement that a retail dealer
25 comply with section 214A.31 or 214A.32.

26 2. The order shall allow the retail dealer to advertise
27 for sale and sell restricted use gasoline or restricted use
28 diesel fuel from any number of dispensing units at the retail
29 dealer's retail motor fuel site. However, the retail dealer
30 shall not advertise for sale or sell restricted use gasoline or
31 restricted use diesel fuel unless the fuel complies with all
32 of the following:

33 *a.* For gasoline, it must be ethanol blended gasoline
34 classified as E-10 or higher.

35 *b.* For diesel fuel, on and after April 15, 2024, during any

1 part of the period beginning April 15 and ending September 30,
2 it must be biodiesel blended fuel classified as B-11 or higher.

3 3. The order must be supported by credible evidence that
4 the retail dealer has not been able to reasonably obtain the
5 required classification of renewable fuel to offer for sale or
6 sell at the retail dealer's retail motor fuel site.

7 4. An order shall not apply to more than one retail motor
8 fuel site.

9 5. The department shall publish a copy of the order on the
10 department's internet site within ten days after its issuance.

11 6. The order shall expire six months from the date of its
12 issuance, unless a shorter period is stated in the order.

13 **Sec. 17. NEW SECTION. 214A.34 Renewable fuel — restricted**
14 **use gasoline or diesel fuel suspension.**

15 1. The governor may issue or renew an executive order
16 suspending a requirement that a retail dealer comply with
17 section 214A.31 or 214A.32 statewide or in a geographic region
18 of the state.

19 2. The executive order shall allow retail dealers to
20 advertise for sale and sell restricted use gasoline or
21 restricted use diesel fuel from any number of dispensing units
22 at retail motor fuel sites covered by the executive order.
23 However, a retail dealer shall not advertise for sale or sell
24 restricted use gasoline or restricted use diesel fuel unless
25 the fuel complies with all of the following:

26 *a.* For gasoline, it must be ethanol blended gasoline
27 classified as E-10 or higher.

28 *b.* For diesel fuel, on and after April 15, 2024, during any
29 part of the period beginning April 15 and ending September 30,
30 it must be biodiesel blended fuel classified as B-11 or higher.

31 3. The executive order must be based on the governor's
32 determination that it is not commercially feasible for the
33 retail dealers to obtain the required classification of
34 renewable fuel to offer for sale or sell at retail motor fuel
35 sites in this state or the region described in the executive

1 order.

2 4. The executive order shall take effect on its date of
3 publication in the Iowa administrative bulletin, unless the
4 order specifies a later date. The order shall expire six
5 months from the date of its publication unless a shorter period
6 is stated in the order.

7 PART B

8 WEIGHTS AND MEASURES

9 Sec. 18. NEW SECTION. 214.2A **Disciplinary action.**

10 The department may refuse to issue or renew and may suspend
11 or revoke a license issued to a retail dealer pursuant to
12 section 214.2 for a violation of this chapter, or chapter 214A,
13 including rules adopted by the department pursuant to section
14 214A.2.

15 PART C

16 EFFECTIVE DATE

17 Sec. 19. EFFECTIVE DATE. This division of this Act, being
18 deemed of immediate importance, takes effect upon enactment.

19 DIVISION II

20 INFRASTRUCTURE

21 PART A

22 FINANCIAL INCENTIVES FOR RETAIL MOTOR FUEL SITES

23 Sec. 20. Section 159A.12, Code 2021, is amended to read as
24 follows:

25 159A.12 ~~Classification~~ Classifications of renewable motor
26 fuel.

27 For purposes of this subchapter, all of the following apply:

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

31 2. Diesel fuel, biodiesel fuel, and biodiesel blended fuel
32 shall be classified in the same manner as provided in section
33 214A.2.

34 Sec. 21. Section 159A.14, subsection 1, Code 2021, is
35 amended to read as follows:

1 1. The purpose of the program is to improve retail
2 motor fuel sites by installing, replacing, or converting
3 infrastructure to be used to store, ~~blend, or dispense, or~~
4 blend and dispense renewable fuel. ~~The infrastructure shall be~~
5 ~~ethanol infrastructure or biodiesel infrastructure.~~

6 a. ~~(1)~~ Ethanol infrastructure shall be designed and used
7 exclusively to do any of the following:

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

15 ~~(b)~~ (2) Store and dispense ethanol blended gasoline
16 classified as E-85 gasoline or higher.

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

28 ~~(2)~~ b. (1) Biodiesel infrastructure shall be designed and
29 used exclusively to do any of the following:

30 (a) Store biodiesel classified as B-100 or store biodiesel
31 blended fuel classified as B-20 or higher.

32 ~~(a)~~ (b) Store and dispense biodiesel or biodiesel blended
33 fuel classified as B-20 or higher.

34 ~~(b)~~ (c) Blend or Store biodiesel classified as B-100 or
35 store biodiesel blended fuel classified as B-20 or higher,

1 to blend and dispense biodiesel blended fuel classified as
2 B-20 or higher from a motor fuel blender pump. The biodiesel
3 infrastructure must at least include a motor fuel blender pump
4 which dispenses different classifications of biodiesel blended
5 fuel and allows B-20 to be dispensed at all times that the
6 blender pump is operating.

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

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

11 Sec. 22. Section 159A.14, subsection 5, Code 2021, is
12 amended to read as follows:

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

30 ~~a. (1) Except as provided in paragraph "b", a~~ A
31 participating person may be awarded standard financial
32 incentives to ~~make improvements to~~ improve a retail motor fuel
33 site by installing, replacing, or converting infrastructure
34 to store ethanol classified as E-100, to store and dispense
35 ethanol blended gasoline classified as E-85 or higher, or to

1 blend and dispense ethanol blended gasoline classified as E-85
2 or higher. A cost-share agreement shall be for a three-year or
3 a five-year period. The standard financial incentives awarded
4 to a participating person shall not exceed the following:

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

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

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

16 b. A participating person may be awarded standard financial
17 incentives to improve a retail motor fuel site by installing,
18 replacing, or converting infrastructure to store biodiesel
19 classified as B-100, store and dispense biodiesel blended
20 fuel classified as B-20 or higher, or to blend and dispense
21 biodiesel blended fuel classified as B-20 or higher.

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

27 (2) As part of the agreement, the participating person must
28 agree to sell biodiesel blended fuel classified as B-20 or
29 higher from April 15 to September 30 during each year that the
30 agreement is in effect.

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

32 c. In addition to any standard financial incentives awarded
33 to a participating person under paragraph "a" this subsection,
34 the participating person may be awarded supplemental financial
35 incentives to make improvements to a retail motor fuel site to

1 ~~do any of the following:~~

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

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

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

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

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

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

34 Sec. 23. Section 159A.16, subsection 3, Code 2021, is
35 amended to read as follows:

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

7 a. (1) For each fiscal year of the period beginning July 1,
8 2021, and ending June 30, 2024, not more than one million two
9 hundred fifty thousand dollars shall be allocated to support
10 the renewable fuel infrastructure program for retail motor
11 fuel sites as provided in section 159A.14. The moneys shall
12 be used exclusively to finance the installation, replacement,
13 or conversion of infrastructure to be used to store biodiesel,
14 or store and dispense biodiesel blended fuel, or blend and
15 dispense biodiesel blended fuel as provided in that section.

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

17 b. ~~Up to~~ For the fiscal year beginning July 1, 2021, and
18 for each fiscal year thereafter, not more than fifty thousand
19 dollars shall be allocated each fiscal year to the department
20 to support the administration of the programs.

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

27 Sec. 24. NEW SECTION. 159A.17 Appropriation.

28 For the fiscal year beginning July 1, 2021, and ending
29 June 30, 2022, and for each fiscal year thereafter, there
30 is appropriated from the general fund of the state to the
31 renewable fuel infrastructure fund created in section 159A.16
32 five million dollars.

33 Sec. 25. RENEWABLE FUEL INFRASTRUCTURE AGREEMENTS. The
34 department of agriculture and land stewardship shall continue
35 to administer any outstanding cost-share agreement executed

1 prior to July 1, 2024, in which a participating person
2 was awarded a grant to improve a retail motor fuel site by
3 installing, replacing, or converting infrastructure to be used
4 to store and dispense biodiesel blended fuel or blend and
5 dispense biodiesel blended fuel as provided in section 159A.14,
6 as amended by this Act.

7

PART B

8

REQUIREMENTS FOR STORAGE AND DISPENSING INFRASTRUCTURE

9 Sec. 26. Section 323.4A, subsection 2, paragraphs a and b,
10 Code 2021, are amended to read as follows:

11 a. Installing, converting, or operating a storage tank
12 or a dispenser located on the distributor's or dealer's
13 business premises for use in storing or dispensing renewable
14 fuel. ~~However, this paragraph does not apply to a dealer or~~
15 ~~distributor whose business premises are leased from the other~~
16 ~~party furnishing the renewable fuel.~~

17 b. Using a dispenser to dispense ethanol blended gasoline,
18 including gasoline with a specified blend or a range of blends
19 under [chapter 214A](#), if the dispenser is approved as required by
20 the state fire marshal for dispensing the specified blend or
21 range of blends, ~~including as provided in [section 455G.31](#).~~

22 Sec. 27. NEW SECTION. 455G.32 Definitions.

23 As used in this subchapter unless the context otherwise
24 requires:

25 1. "Motor fuel" means the same as defined in section 214A.1.

26 2. "Motor fuel storage and dispensing infrastructure" means
27 the same as defined in section 214A.1.

28 3. "Retail dealer" means the same as defined in section
29 214A.1.

30 Sec. 28. NEW SECTION. 455G.33 Classifications.

31 For purposes of this subchapter, motor fuel shall be
32 classified in the same manner as provided in section 214A.2.

33 Sec. 29. NEW SECTION. 455G.34 Restrictions.

34 1. A retail dealer shall not install, replace, or convert
35 motor fuel storage and dispensing infrastructure unless the

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

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

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

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

14 Sec. 30. REPEAL. Section 455G.31, Code 2021, is repealed.

15 PART C

16 EFFECTIVE DATE

17 Sec. 31. EFFECTIVE DATE. This division of this Act, being
18 deemed of immediate importance, takes effect upon enactment.

19 DIVISION III

20 TAXATION

21 Sec. 32. Section 422.11O, subsection 8, Code 2021, is
22 amended to read as follows:

23 8. [This section](#) is repealed on January 1, ~~2025~~ 2029.

24 Sec. 33. Section 422.11P, subsection 4, Code 2021, is
25 amended to read as follows:

26 4. For a retail dealer whose tax year is on a calendar year
27 basis, the retail dealer shall calculate the amount of the tax
28 credit by multiplying a designated rate by the retail dealer's
29 total biodiesel blended fuel gallonage as provided in section
30 452A.31 which qualifies under [this subsection](#).

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

34 b. (1) Beginning January 1, ~~2018~~ 2022, the designated rate
35 is determined as follows:

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

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

6 (a) During the period beginning January 1 and ending April
7 14 for biodiesel blended fuel classified as B-11 or higher, the
8 designated rate is four cents.

9 (b) During the period beginning April 15 and ending
10 September 30 for biodiesel blended fuel classified as B-20 or
11 higher, the designated rate is six cents.

12 (c) During the period beginning October 1 and ending
13 December 30 for biodiesel blended fuel classified as B-11 or
14 higher, the designated rate is four cents.

15 (2) This paragraph "b" is repealed January 1, 2024.

16 c. Beginning January 1, 2024, the designated rate is
17 determined as follows:

18 (1) During the period beginning January 1 and ending April
19 14 for biodiesel blended fuel classified as B-11 or higher, the
20 designated rate is four cents.

21 (2) During the period beginning April 15 and ending
22 September 30 for biodiesel blended fuel classified as B-30 or
23 higher, the designated rate is ten cents.

24 (3) During the period beginning October 1 and ending
25 December 30 for biodiesel blended fuel classified as B-11 or
26 higher, the designated rate is four cents.

27 Sec. 34. Section 422.11P, subsection 8, Code 2021, is
28 amended to read as follows:

29 8. **This section** is repealed January 1, ~~2025~~ 2029.

30 Sec. 35. Section 422.11Y, subsection 4, paragraph b, Code
31 2021, is amended to read as follows:

32 b. The Beginning January 1, 2022, the designated rate of the
33 tax credit for the following three periods within each calendar
34 year is as follows:

35 ~~(1) For the first period beginning January 1 and ending May~~

1 ~~31~~, three cents.

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

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

6 Sec. 36. Section 422.11Y, subsection 9, Code 2021, is
7 amended to read as follows:

8 9. **This section** is repealed on January 1, 2025 2029.

9 Sec. 37. Section 422.33, subsection 11B, paragraph c, Code
10 2021, is amended to read as follows:

11 c. **This subsection** is repealed on January 1, 2025 2029.

12 Sec. 38. Section 422.33, subsection 11C, paragraph c, Code
13 2021, is amended to read as follows:

14 c. **This subsection** is repealed on January 1, 2025 2029.

15 Sec. 39. Section 422.33, subsection 11D, paragraph c, Code
16 2021, is amended to read as follows:

17 c. **This subsection** is repealed on January 1, 2025 2029.

18 Sec. 40. Section 452A.12, subsection 2, Code 2021, is
19 amended to read as follows:

20 2. A person while transporting motor fuel or undyed special
21 fuel from a refinery or marine or pipeline terminal in this
22 state or from a point outside this state over the highways
23 of this state in service other than that under subsection
24 1 shall carry in the vehicle a loading invoice showing the
25 name and address of the seller or consignor, the date and
26 place of loading, and the kind and quantity of motor fuel or
27 special fuel loaded, together with invoices showing the kind
28 and quantity of each delivery and the name and address of each
29 purchaser or consignee. An invoice carried pursuant to this
30 subsection for ethanol blended gasoline or biodiesel blended
31 fuel shall state its ~~designation~~ classification as provided in
32 section 214A.2.

33 Sec. 41. Section 452A.31, subsection 3, paragraph a,
34 subparagraph (2), Code 2021, is amended to read as follows:

35 (2) (a) The total B-11 gallonage which is the total number

1 of gallons of biodiesel blended fuel classified as B-11 or
2 higher up to but not including B-20.

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

6 (c) The total B-30 gallonage which is the total number of
7 gallons of biodiesel blended fuel classified as B-30 or higher
8 up to and including B-99.

9 Sec. 42. 2006 Iowa Acts, chapter 1142, section 49,
10 subsection 3, as amended by 2011 Iowa Acts, chapter 113,
11 section 20, and 2016 Iowa Acts, chapter 1106, section 6, is
12 amended to read as follows:

13 3. For a retail dealer who may claim an E-85 gasoline
14 promotion tax credit under [section 422.110](#) or 422.33,
15 subsection 11B, as enacted in this Act and amended in
16 subsequent Acts, in calendar year ~~2024~~ 2028 and whose tax
17 year ends prior to December 31, ~~2024~~ 2028, the retail dealer
18 may continue to claim the tax credit in the retail dealer's
19 following tax year. In that case, the tax credit shall be
20 calculated in the same manner as provided in [section 422.110](#)
21 or [422.33, subsection 11B](#), as enacted in this Act and amended
22 in subsequent Acts, for the remaining period beginning on the
23 first day of the retail dealer's new tax year until December
24 31, ~~2024~~ 2028. For that remaining period, the tax credit shall
25 be calculated in the same manner as a retail dealer whose tax
26 year began on the previous January 1 and who is calculating the
27 tax credit on December 31, ~~2024~~ 2028.

28 Sec. 43. 2011 Iowa Acts, chapter 113, section 31, as amended
29 by 2016 Iowa Acts, chapter 1106, section 10, is amended to read
30 as follows:

31 SEC. 31. TAX CREDIT AVAILABILITY. For a retail dealer
32 who may claim a biodiesel blended fuel promotion tax credit
33 under [section 422.11P](#) or [422.33, subsection 11C](#), as amended
34 in this Act and amended in subsequent Acts, in calendar year
35 ~~2024~~ 2028, and whose tax year ends prior to December 31, ~~2024~~

1 2028, the retail dealer may continue to claim the tax credit in
2 the retail dealer's following tax year. In that case, the tax
3 credit shall be calculated in the same manner as provided in
4 section 422.11P or 422.33, subsection 11C, as amended in this
5 Act and amended in subsequent Acts, for the remaining period
6 beginning on the first day of the retail dealer's new tax year
7 until December 31, ~~2024~~ 2028. For that remaining period, the
8 tax credit shall be calculated in the same manner as a retail
9 dealer whose tax year began on the previous January 1 and who
10 is calculating the tax credit on December 31, ~~2024~~ 2028.

11 Sec. 44. 2011 Iowa Acts, chapter 113, section 37, as amended
12 by 2016 Iowa Acts, chapter 1106, section 3, is amended to read
13 as follows:

14 SEC. 37. TAX CREDIT AVAILABILITY. For a retail dealer who
15 may claim an E-15 plus gasoline promotion tax credit under
16 section 422.11Y or 422.33, subsection 11D, as enacted in this
17 Act and amended in subsequent Acts, in calendar year ~~2024~~
18 2028, and whose tax year ends prior to December 31, ~~2024~~ 2028,
19 the retail dealer may continue to claim the tax credit in the
20 retail dealer's following tax year. In that case, the tax
21 credit shall be calculated in the same manner as provided in
22 section 422.11Y or 422.33, subsection 11D, as enacted in this
23 Act and amended in subsequent Acts, for the remaining period
24 beginning on the first day of the retail dealer's new tax year
25 until December 31, ~~2024~~ 2028. For that remaining period, the
26 tax credit shall be calculated in the same manner as a retail
27 dealer whose tax year began on the previous January 1 and who
28 is calculating the tax credit on December 31, ~~2024~~ 2028.

29 Sec. 45. EFFECTIVE DATE. This division of this Act takes
30 effect January 1, 2022.

31 DIVISION IV

32 RENEWABLE FUEL USE BY STATE MOTOR VEHICLES

33 Sec. 46. Section 8A.362, subsection 3, paragraph b, Code
34 2021, is amended by striking the paragraph and inserting in
35 lieu thereof the following:

1 *b.* The director shall provide for the purchase and operation
2 of motor vehicle fuel and motor vehicles in the manner provided
3 in section 8A.362A.

4 Sec. 47. NEW SECTION. **8A.362A Definitions and**
5 **classifications.**

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

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

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

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

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

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

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

21 Sec. 48. NEW SECTION. **8A.362B Motor vehicle purchases —**
22 **renewable fuels.**

23 1. A gasoline-powered motor vehicle, or a diesel-powered
24 motor vehicle, operating under section 8A.362, shall be powered
25 using the highest classification of renewable fuel if all of
26 the following apply:

27 *a.* The manufacturer of the motor vehicle expressly warrants
28 that the classification of renewable fuel is compatible with
29 the motor vehicle's normal operation.

30 *b.* That classification of renewable fuel is commercially
31 available in the region where the motor vehicle is being
32 operated.

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

1 2. If the highest classification of renewable fuel is able
2 to be used to power a motor vehicle as provided in subsection
3 1, a state-issued credit card shall not be used to purchase
4 motor fuel other than the highest classification of motor fuel.

5 3. A motor vehicle subject to this section shall be affixed
6 with a brightly colored, highly visible sticker which notifies
7 the traveling public that the motor vehicle is powered using
8 the highest classification of renewable fuel. However, the
9 sticker is not required to be affixed to an unmarked vehicle
10 used for purposes of providing law enforcement or security.

11 4. As part of the department's competitive bidding
12 procedure for the purchase of a diesel-powered motor vehicle,
13 the director shall require that a bidder certify that the
14 motor vehicle's manufacturer expressly warrants that the motor
15 vehicle is capable of being powered using biodiesel blended
16 fuel classified as B-20 or higher.

17 Sec. 49. NEW SECTION. **8A.362C Motor vehicle purchases —**
18 **renewable fuels — reports.**

19 1. The department shall compile information regarding
20 the department's compliance with section 8A.362B during the
21 previous determination period. The information shall include
22 all of the following:

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

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

28 (2) The total number of such motor vehicles according to
29 model year of manufacture that are capable of being powered
30 using ethanol blended gasoline classified as E-15 and E-85
31 according to the express warranty of the motor vehicle's
32 manufacturer.

33 (3) The total number of gallons of ethanol blended gasoline
34 classified as E-15, and the total number of gallons of ethanol
35 blended gasoline classified as E-85, purchased during the

1 preceding determination period, to the extent such information
2 may be practically obtained.

3 *b.* Of the motor vehicles used to routinely travel on the
4 state's highways that are powered using diesel fuel, all of the
5 following:

6 (1) The total number of such motor vehicles according to
7 model year of manufacture.

8 (2) The total number of such motor vehicles according to
9 model year of manufacture that are capable of being powered
10 using biodiesel blended fuel classified as B-20 according to
11 the express warranty of the motor vehicle's manufacturer.

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

16 2. The department of administrative services shall
17 prepare a state fleet renewable fuels compliance report which
18 shall consolidate information compiled by the department
19 under subsection 1 together with information compiled by
20 the commission for the blind pursuant to section 216B.3,
21 institutions governed by the state board of regents pursuant to
22 section 262.25A, the department of transportation pursuant to
23 section 307.21, and the department of corrections pursuant to
24 section 904.312A. The department of administrative services
25 shall submit the state fleet renewable fuels compliance report
26 to the governor and general assembly not later than March 1 of
27 each year.

28 Sec. 50. Section 216B.3, subsection 16, paragraph a, Code
29 2021, is amended by striking the paragraph and inserting in
30 lieu thereof the following:

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

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

6 Sec. 51. Section 262.25A, subsection 2, Code 2021, is
7 amended by striking the subsection and inserting in lieu
8 thereof the following:

9 2. An institution shall provide for the purchase and
10 operation of motor vehicles powered by renewable fuel in
11 the same manner required for the director of the department
12 of administrative services pursuant to section 8A.362B. An
13 institution shall compile information regarding compliance
14 with the provisions of this subsection in the same manner as
15 the department of administrative services pursuant to section
16 8A.362C. The state board of regents shall cooperate with
17 the department of administrative services in preparing the
18 annual state fleet renewable fuels compliance report regarding
19 compliance with this paragraph as provided in section 8A.362C.

20 Sec. 52. Section 307.21, subsection 4, Code 2021, is amended
21 by striking the subsection and inserting in lieu thereof the
22 following:

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

35 Sec. 53. Section 904.312A, subsection 1, Code 2021, is

1 amended by striking the subsection and inserting in lieu
2 thereof the following:

3 1. The department of corrections shall provide for the
4 purchase and operation of motor vehicles powered by renewable
5 fuel in the same manner required for the director of the
6 department of administrative services pursuant to section
7 8A.362B. The department of corrections shall compile
8 information regarding compliance with the provisions of
9 this subsection in the same manner as the department of
10 administrative services pursuant to section 8A.362C. The
11 department of corrections shall cooperate with the department
12 of administrative services in preparing the annual state fleet
13 renewable fuels compliance report regarding compliance with
14 this subsection as provided in section 8A.362C.

15 Sec. 54. EFFECTIVE DATE. This division of this Act, being
16 deemed of immediate importance, takes effect upon enactment.

17 EXPLANATION

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

20 GENERAL. This bill provides for the regulation of motor
21 fuel, which provisions are administered and enforced by
22 the department of agriculture and land stewardship (DALSS)
23 (Code chapter 214A). This includes two types of motor fuel,
24 including gasoline, specifically ethanol blended gasoline
25 beginning with an ethanol percentage of between 9 and 10
26 percent per volume (E-10) and diesel fuel, specifically
27 biodiesel blended fuel beginning with a minimum biodiesel
28 percentage of 1 percent (B-1). The bill limits retail dealers
29 (dealers) operating motor fuel sites (sites) from advertising
30 for sale or selling certain types of motor fuel designated as
31 restricted use. It revises certain advertising and notice
32 provisions, including the use of decals affixed to motor fuel
33 pumps.

34 The bill amends other Code chapters providing for motor fuel
35 infrastructure such as motor fuel storage tanks, including

1 programs to assist dealers installing, converting, or replacing
2 infrastructure, which provisions are also administered by DALIS
3 (Code chapter 159A), and the regulation of infrastructure used
4 to store and dispense ethanol blended gasoline regulated by
5 the state fire marshal and the department of natural resources
6 (Code chapter 455G). It also amends tax credits which provide
7 incentives for consumers to purchase renewable fuel from
8 dealers (Code chapters 422 and 452A). Finally, it requires the
9 use of higher classifications of renewable fuel powering motor
10 vehicles in the state fleet (Code chapters 8A, 216B, 262, 307,
11 and 904).

12 RESTRICTED USE GASOLINE. The bill designates nonblended
13 gasoline (E-0) as restricted use gasoline (amended Code section
14 214A.1 and new Code section 214A.31). It also designates
15 ethanol blended gasoline classified as E-10 or higher up to
16 but not including E-15 as restricted use gasoline on and
17 after January 1, 2025. The bill does recognize two types of
18 exceptions. A single dispensing unit may be reserved at a site
19 to dispense restricted use gasoline. A restricted site may be
20 used to dispense restricted use gasoline from any number of
21 dispensing units. Such sites include an airport, a facility
22 servicing motor vehicles engaged in racing, a marina, or a
23 location used to store or sell older model motor vehicles,
24 all-terrain vehicles, motorcycles, or snowmobiles.

25 RESTRICTED USE DIESEL FUEL. The bill designates nonblended
26 diesel (B-0) as restricted use diesel fuel (amended Code
27 section 214A.2 and new Code section 214A.32) and designates
28 biodiesel blended fuel classified as B-1 or higher up to but
29 not including B-20 as restricted use diesel fuel subject to
30 certain exceptions. One dispensing unit may be reserved at
31 a site to dispense restricted use diesel fuel. Any number
32 of dispensing units at a site may dispense biodiesel blended
33 fuel classified as B-5 or higher annually between October 1
34 and ending April 14. Until September 30, 2023, any number
35 of dispensing units at a site may dispense biodiesel blended

1 fuel classified as B-11 or higher annually between April 15
2 and September 30. A restricted site may be used to dispense
3 restricted use diesel fuel from any number of dispensing units.
4 Such sites include an airport, an electric generating plant,
5 and a facility storing and serving railroad locomotives.

6 ADVERTISING AND NOTICE PROVISIONS. The bill requires that
7 when advertising motor fuel for sale, a dealer must designate
8 its restricted status (amended Code section 214A.3). It
9 eliminates a provision that requires that a decal be placed
10 on a motor fuel pump that notifies the traveling public that
11 gasoline is blended with ethanol. It provides that a decal
12 must identify motor fuel as restricted (amended Code section
13 214A.16).

14 WAIVER AND SUSPENSION. The bill authorizes the governor or
15 secretary of agriculture to issue an order temporarily waiving
16 a requirement that a retail dealer comply with the restricted
17 use requirements if there is credible evidence that the retail
18 dealer has not been able to reasonably obtain the required
19 classification of renewable fuel (new Code section 214A.33).
20 The governor may issue an order suspending compliance for
21 all retail dealers in the state or a geographic segment of
22 the state if the governor determines it is not commercially
23 feasible for the retail dealers to obtain the required
24 classification (new Code section 214A.34).

25 PENALTY. A person who violates a provision of Code chapter
26 214A is guilty of a serious misdemeanor (Code section 214A.11).
27 A serious misdemeanor is punishable by confinement for no more
28 than one year and a fine of at least \$430 but not more than
29 \$2,560. Alternatively, the state may initiate an alternative
30 civil proceeding against the person for at least \$100 but not
31 more than \$1,000 for each violation.

32 INFRASTRUCTURE. The bill revises the renewable fuel
33 infrastructure program for retail motor fuel sites (program)
34 by eliminating a requirement that moneys used to support
35 improvements be used to store and dispense E-15. The

1 infrastructure must be capable of storing and dispensing
2 ethanol blended gasoline classified as E-85 or higher (amended
3 Code section 159A.14). The bill eliminates a requirement
4 that moneys used to support improvements be used to store and
5 dispense biodiesel of any classification and replaces it with a
6 requirement that the improvements be used to store and dispense
7 biodiesel blended fuel classified as B-20 or higher (amended
8 Code section 159A.14). The bill provides that the financial
9 incentives for biodiesel improvements must be awarded pursuant
10 to a three-year cost-share agreement not to exceed 50 percent
11 of the cost of the improvement or \$30,000, whichever is less.
12 In addition, the retail dealer must agree to advertise for sale
13 and sell biodiesel blended fuel classified as B-20 or higher
14 from April 15 to September 30. The bill eliminates that part
15 of the program which finances biodiesel improvements on July
16 1, 2024.

17 The bill provides that for the fiscal years of the period
18 beginning July 1, 2021, and ending June 30, 2024, \$1.25 million
19 is allocated from the Iowa renewable fuel infrastructure fund
20 to support that part of the program financing infrastructure
21 used to store and dispense or blend and dispense biodiesel
22 blended fuel (amended Code section 159A.16). For each
23 fiscal year beginning July 1, 2021, and thereafter, the bill
24 appropriates \$5 million from the state general fund (new Code
25 section 159A.17) to the renewable fuel infrastructure fund
26 to support the entire program as well as the renewable fuel
27 infrastructure program for biodiesel terminal facilities (Code
28 section 159A.15).

29 The bill provides that a retail dealer is prohibited from
30 installing, replacing, or converting motor fuel storage and
31 dispensing infrastructure, unless it is capable of storing
32 and dispensing ethanol blended gasoline classified as E-85 or
33 higher (new Code section 455G.32). The bill provides that
34 the infrastructure must be listed as compatible with E-85 by
35 a testing laboratory and must be approved by the state fire

1 marshal.

2 TAX CREDITS. The bill extends the expiration date of three
3 renewable fuel tax programs from January 1, 2025, to January
4 1, 2029, including: (1) the E-85 gasoline promotion tax
5 credit (amended Code sections 422.110 and 422.33(11B)), (2)
6 the biodiesel blended fuel tax credit (Code sections 422.11P
7 and 422.33(11C)), and (3) the E-15 plus gasoline promotion tax
8 credit (amended Code sections 422.11Y and 422.33(11D)). In
9 each case, the tax credit is calculated by taking the number of
10 gallons of renewable fuel sold multiplied by a designated rate
11 (rate). The rate may differ depending upon the time of year
12 the type of renewable fuel is sold or upon its classification.
13 For the biodiesel blended fuel tax credit, the bill replaces
14 a system allocating two different rates based on both (1) the
15 time of year sold and (2) its classification. During the first
16 period beginning January 1 and ending April 14, and the third
17 period beginning October 1 and ending December 31, the rate
18 is 4 cents for biodiesel blended fuel classified as B-11 or
19 higher. For the second period beginning April 15 and ending
20 September 30, the rate is 6 cents for biodiesel blended fuel
21 classified as B-20 or higher, until January 1, 2024. On and
22 after that date, the rate for the second period is 10 cents for
23 biodiesel blended fuel classified as B-30 or higher.

24 USE OF RENEWABLE FUEL BY THE STATE MOTOR VEHICLE FLEET.

25 Current law requires state and local governments to power
26 motor vehicles using any classification of renewable fuel
27 (E-10 or B-1). A state-issued credit card cannot be used
28 to purchase motor fuel other than renewable fuel unless it
29 is not commercially available or there is an emergency. The
30 motor vehicle being powered by motor fuel must be affixed with
31 a sticker that notifies the traveling public that the motor
32 vehicle is powered using renewable fuel. The bill provides
33 that a motor vehicle which is part of the state government
34 fleet must be powered using the highest classification of
35 renewable fuel available so long as (1) it is warranted by

1 the motor vehicle's manufacturer, (2) that classification is
2 available, and (3) an emergency situation does not exist.
3 The bill also requires a state entity to revise its bidding
4 procedures as necessary to account for the purchase of motor
5 vehicles powered by biodiesel blended fuel classified as
6 B-20 or higher. The state entities involved include the
7 department of administrative services (new Code sections
8 8A.362A, 8A.362B, and 8A.362C), the commission for the blind
9 (amended Code section 216B.3), institutions governed by the
10 board of regents (amended Code section 262.25A), the department
11 of transportation (amended Code section 307.21), and the
12 department of corrections (amended Code section 904.312A).

13 Finally, the bill requires the department of administrative
14 services, in cooperation with the other entities operating
15 motor vehicles, to prepare an annual report to be submitted
16 to the governor and general assembly providing information
17 regarding the number of state motor vehicles powered using
18 motor fuel, including gasoline and diesel fuel, the number
19 of those motor vehicles capable of being powered using E-15
20 and E-85 or B-20, and the number of gallons of renewable fuel
21 purchased.

22 EFFECTIVE DATES. The bill takes effect upon enactment other
23 than the tax credit provisions which take effect January 1,
24 2022.