

**Senate Study Bill 1179 - 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 (DALs)  
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.