

House File 2687 - Introduced

HOUSE FILE 2687
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 742)

(COMPANION TO SF 2418 BY
COMMITTEE ON APPROPRIATIONS)

A BILL FOR

1 An Act relating to renewable fuel infrastructure, including by
2 providing for a financing program, and including effective
3 date provisions.

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

1 Section 1. Section 159A.14, subsection 1, paragraph
2 a, subparagraph (1), Code 2024, is amended by striking the
3 subparagraph and inserting in lieu thereof the following:

4 (1) (a) Except as provided in this subparagraph, the
5 ethanol infrastructure shall have the capacity to store and
6 dispense E-85 gasoline.

7 (b) (i) If the ethanol infrastructure is not used to store
8 and dispense E-85 gasoline, it must have the capacity to store
9 and dispense ethanol blended gasoline classified as E-15 or
10 higher.

11 (ii) This subparagraph division is repealed January 1,
12 2026.

13 (c) (i) If the ethanol infrastructure is not used to store
14 and dispense E-85 gasoline, it must have the capacity to store
15 and dispense ethanol blended gasoline classified as E-40 or
16 higher.

17 (ii) This subparagraph division shall be implemented
18 beginning January 1, 2026.

19 (iii) This subparagraph division is repealed July 1, 2030.

20 (d) The ethanol infrastructure may store, blend, and
21 dispense ethanol or ethanol blended gasoline from a motor
22 fuel blender pump. The ethanol infrastructure must at least
23 include a motor fuel blender pump that dispenses different
24 classifications of ethanol blended gasoline, if it allows E-85
25 gasoline to be dispensed at all times that the blender pump is
26 operating.

27 Sec. 2. Section 455G.30, Code 2024, is amended by adding the
28 following new subsections:

29 NEW SUBSECTION. 4A. "*Dispenser breakaway*" means the part
30 of gasoline storage and dispensing infrastructure that acts to
31 immediately stop the flow of motor fuel from its storage system
32 to its dispenser in the event that its dispensing hose or
33 associated hanging infrastructure becomes detached, including
34 when a vehicle pulls away from the dispenser while its nozzle
35 is attached to the vehicle.

1 NEW SUBSECTION. 4B. "*E-85 gasoline*" means the same as
2 defined in section 214A.1.

3 NEW SUBSECTION. 8. "*Shear valve*" means the part of gasoline
4 storage and dispensing infrastructure that acts to immediately
5 stop the flow of motor fuel from its storage system to its
6 dispenser in the event of an emergency hazard, including but
7 not limited to a vehicle impacting the dispenser or a fire.

8 Sec. 3. Section 455G.31, subsection 2, Code 2024, is amended
9 to read as follows:

10 2. Subject to [section 455G.32](#), a retail dealer may use
11 gasoline storage and dispensing infrastructure to store and
12 dispense ethanol blended gasoline classified as E-9 or higher
13 if the department ~~under [this subchapter](#)~~, or the director of the
14 department of inspections, appeals, and licensing under chapter
15 101, determines that the gasoline infrastructure is compatible
16 with the classification of ethanol blended gasoline being used.

17 Sec. 4. Section 455G.32, Code 2024, is amended to read as
18 follows:

19 **455G.32 ~~E-85 gasoline~~ Ethanol blended gasoline — compatible**
20 **infrastructure — compliance requirement.**

21 1. A retail dealer shall not install, replace, or convert
22 gasoline storage and dispensing infrastructure used to store
23 and dispense ethanol blended gasoline classified as E-15 or
24 higher, unless the installed, replaced, or converted gasoline
25 infrastructure, that includes all parts prior to the point
26 where the dispenser breakaway ends, is capable of storing
27 and dispensing ethanol blended gasoline classified as E-85
28 gasoline.

29 2. a. Notwithstanding subsection 1, a retail dealer
30 may install, replace, or convert any part of the gasoline
31 infrastructure beginning at a point where the shear valve ends
32 and continuing until the point where the dispenser breakaway
33 ends that is incompatible with E-85 gasoline. However, that
34 part of the gasoline infrastructure must be compatible with the
35 following:

1 (1) (a) Ethanol blended gasoline classified as E-15 or
2 higher.

3 (b) This subparagraph is repealed January 1, 2026.

4 (2) (a) Ethanol blended gasoline classified as E-40 or
5 higher.

6 (b) This subparagraph shall be implemented beginning
7 January 1, 2026.

8 b. This subsection is repealed July 1, 2030.

9 ~~2.~~ 3. The gasoline infrastructure must be all of the
10 following:

11 a. Listed as compatible for use with ethanol blended
12 gasoline classified for that part of the gasoline
13 infrastructure as E-85 provided in subsection 1 by an
14 independent testing laboratory or as approved by the
15 manufacturer.

16 b. Approved by the department or ~~state fire marshal~~ the
17 director of the department of inspections, appeals, and
18 licensing subject to conditions determined necessary by the
19 department or ~~state fire marshal~~ the director of the department
20 of inspections, appeals, and licensing. The department
21 or ~~state fire marshal~~ the director of the department of
22 inspections, appeals, and licensing may waive the requirement
23 in paragraph "a" upon satisfaction that a substitute
24 requirement serves the same purpose.

25 Sec. 5. Section 455G.33, subsection 2, paragraph b, Code
26 2024, is amended to read as follows:

27 b. Approved by the department, or director of the department
28 of inspections, appeals, and licensing under chapter 101,
29 subject to conditions determined necessary by the department
30 or director of the department of inspections, appeals, and
31 licensing. The department or director of the department of
32 inspections, appeals, and licensing may waive the requirement
33 in paragraph "a" upon satisfaction that a substitute
34 requirement serves the same purpose.

35 Sec. 6. APPLICATIONS FOR FINANCIAL INCENTIVES. This

1 Act does not require the renewable fuel infrastructure board
2 established in section 159A.13 to reconsider or reapprove a
3 decision made prior to the effective date of this Act for
4 an award of financial incentives under the renewable fuel
5 infrastructure program for retail motor fuel sites established
6 in section 159A.14.

7 Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate
8 importance, takes effect upon enactment.

9

EXPLANATION

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

12 BACKGROUND — GENERAL. This bill provides for the use
13 of infrastructure used to store and dispense ethanol blended
14 gasoline owned by a retail dealer of motor fuel (retail
15 dealer) who sells gasoline on a retail basis from a permanent
16 geographic location referred to as a retail motor fuel site
17 (retail site) (Code section 214A.1).

18 BACKGROUND — TERMINOLOGY. Ethanol blended gasoline refers
19 to a formulation of gasoline blended with ethyl alcohol that
20 meets fuel standards adopted by the department of agriculture
21 and land stewardship (DALSS) (Code sections 214A.1 and 214A.2)
22 in accordance with ASTM international specifications and the
23 federal Clean Air Act Amendments of 1990 (42 U.S.C. §7661)
24 administered by the United States environmental protection
25 agency (EPA). Classifications of ethanol blended gasoline
26 are generally determined by the volume percent of ethanol
27 and designated as E-xx where "xx" stands in for the volume
28 percent of ethanol. There are three principal types of ethanol
29 blended gasoline referred to commonly as E-10 formulated with
30 9 or 10 percent ethanol by volume, E-15 formulated with 15
31 percent ethanol by volume, and the highest classification E-85
32 formulated with between 68 to 83 percent ethanol by volume
33 (Code section 214A.1). Generally, the use of E-15 during
34 summer months is allowed only by waiver issued by the EPA.

35 BACKGROUND — E-15 ACCESS STANDARD. Beginning July 1, 2023,

1 a retail dealer is required to comply with an E-15 access
2 standard that requires a retail dealer to advertise for sale
3 and sell E-15 from a minimum number of qualifying gasoline
4 dispensers, commonly described as pumps, located at the retail
5 dealer's retail site (Code chapter 214A, subchapter III).
6 There are two access standards. In order to comply with the
7 general E-15 access standard, the retail dealer must dispense
8 E-15 from one qualifying gasoline dispenser if there is only
9 one such dispenser located at the retail site or from at least
10 50 percent of all qualifying dispensers if there is more than
11 one such dispenser located at the retail site. In order to
12 comply with the alternative E-15 access standard, the retail
13 dealer cannot install, replace, or convert a gasoline storage
14 tank at the retail site on or after July 1, 2023, and the retail
15 dealer must advertise for sale and sell E-15 from at least one
16 qualifying dispenser on and after January 1, 2026. Once the
17 retail dealer no longer complies with the alternative E-15
18 access standard (e.g., by installing a new tank), the retail
19 dealer must comply with the general E-15 access standard. An
20 exemption exists for small retail motor fuel sites in operation
21 prior to January 1, 2023 (Code section 214A.36).

22 BACKGROUND — INFRASTRUCTURE PROGRAM FOR RETAIL MOTOR FUEL
23 SITES. Under the renewable fuel infrastructure program for
24 retail motor fuel sites (financing program), an eligible retail
25 dealer may be awarded moneys on a cost-share basis by the
26 renewable fuel infrastructure board (RFIB) and DALS to assist
27 in improving the retail dealer's retail site by installing,
28 replacing, or converting infrastructure (new infrastructure) to
29 be used to store, blend, or dispense ethanol blended gasoline
30 in compliance with the general E-15 access standard (Code
31 section 159A.14). Thus, the financing program could be used
32 to upgrade infrastructure that had been used to store and
33 dispense E-0 or E-10. However, the new infrastructure must
34 have the capacity of storing and dispensing either E-85 only or
35 a variety of classifications ranging from E-15 to E-85 as part

1 of a blender pump system.

2 BACKGROUND — NEW INSTALLATION OF GASOLINE INFRASTRUCTURE.

3 Generally, the department of natural resources regulates
4 infrastructure used to store and pump motor fuel stored in
5 underground tanks, including ethanol blended gasoline, located
6 at a retail site. The department of inspections, appeals, and
7 licensing regulates infrastructure used to store motor fuel in
8 aboveground tanks and aboveground equipment used to dispense
9 motor fuel. A retail dealer at such a retail site who uses
10 infrastructure compatible with E-15 must install, replace, or
11 convert that infrastructure with new infrastructure that is
12 compatible with E-85 (Code section 455G.32).

13 BILL'S PROVISIONS — INFRASTRUCTURE PROGRAM FOR RETAIL

14 MOTOR FUEL SITES. The bill provides a transition period for
15 infrastructure supported by an award of cost-share moneys
16 under the financing program. Until January 1, 2026, the new
17 infrastructure must be compatible with E-15; from January
18 1, 2026, until July 1, 2030, the new infrastructure must be
19 compatible with ethanol blended gasoline classified as E-40;
20 and on and after July 1, 2030, the new infrastructure must be
21 compatible with E-85. The bill's provisions do not affect
22 decisions regarding financing by the RFIB made prior to the
23 bill's effective date.

24 BILL'S PROVISIONS — NEW INSTALLATION OF GASOLINE

25 INFRASTRUCTURE. The bill recognizes a dispenser breakaway
26 which is that part of the infrastructure that acts to
27 immediately stop the flow of motor fuel from its storage system
28 to its dispenser in the event that its dispensing hose or
29 associated hanging infrastructure becomes detached. The bill
30 provides that the E-85 compatibility requirement exists for
31 all parts of the infrastructure prior to the point where the
32 dispenser breakaway ends. Otherwise, a similar transition
33 period exists to the other parts of the infrastructure except
34 for that part extending from the shear valve through to the
35 dispenser breakaway. Until January 1, 2026, those parts must

1 be compatible with E-15; from January 1, 2026, until July 1,
2 2030, those parts must be compatible with E-40; and on and
3 after July 1, 2030, those parts must be compatible with E-85.
4 BILL'S PROVISIONS — EFFECTIVE DATE. The bill takes effect
5 upon enactment.