

House Study Bill 742 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON MOHR)

A BILL FOR

1 An Act relating to ethanol blended gasoline, by providing
2 for gasoline storage and dispensing infrastructure and a
3 financing program, and including effective 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11 (ii) This subparagraph division is repealed July 1, 2025.

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

16 (ii) This subparagraph division shall be implemented
17 beginning July 1, 2025.

18 (iii) This subparagraph division is repealed July 1, 2030.

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

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

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

35 NEW SUBSECTION. 4B. "*E-85 gasoline*" means the same as

1 defined in section 214A.1.

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

7 Sec. 3. Section 455G.32, Code 2024, is amended to read as
8 follows:

9 **455G.32 ~~E-85 gasoline~~ Ethanol blended gasoline — compatible**
10 **infrastructure — compliance requirement.**

11 1. A retail dealer shall not install, replace, or convert
12 gasoline storage and dispensing infrastructure used to store
13 and dispense ethanol blended gasoline classified as E-15 or
14 higher, unless the installed, replaced, or converted gasoline
15 infrastructure is capable of storing and dispensing ethanol
16 ~~blended gasoline classified as E-85 gasoline.~~

17 2. a. Notwithstanding subsection 1, a retail dealer
18 may install, replace, or convert a section of the gasoline
19 infrastructure beginning at a point where the shear valve ends
20 and continuing until the point where the dispenser breakaway
21 ends that is incompatible with E-85 gasoline. However, that
22 section of the gasoline infrastructure must be compatible with
23 the following:

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

26 (b) This subparagraph is repealed July 1, 2025.

27 (2) (a) Ethanol blended gasoline classified as E-40 or
28 higher.

29 (b) This subparagraph shall be implemented beginning July
30 1, 2025.

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

32 ~~2.~~ 3. The gasoline infrastructure must be all of the
33 following:

34 a. Listed as compatible for use with ethanol blended
35 gasoline classified for that part of the gasoline

1 infrastructure as E-85 provided in subsection 1 by an
2 independent testing laboratory or as approved by the
3 manufacturer.

4 *b.* Approved by the department or state fire marshal subject
5 to conditions determined necessary by the department or state
6 fire marshal. The department or state fire marshal may waive
7 the requirement in paragraph "a" upon satisfaction that a
8 substitute requirement serves the same purpose.

9 Sec. 4. APPLICATIONS FOR FINANCIAL INCENTIVES. This
10 Act does not require the renewable fuel infrastructure board
11 established in section 159A.13 to reconsider or reapprove a
12 decision made prior to the effective date of this Act for
13 an award of financial incentives under the renewable fuel
14 infrastructure program for retail motor fuel sites established
15 in section 159A.14.

16 Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate
17 importance, takes effect upon enactment.

18 EXPLANATION

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

21 BACKGROUND — GENERAL. This bill provides for the use
22 of infrastructure used to store and dispense ethanol blended
23 gasoline owned by a retail dealer of motor fuel (retail
24 dealer) who sells gasoline on a retail basis from a permanent
25 geographic location referred to as a retail motor fuel site
26 (retail site) (Code section 214A.1).

27 BACKGROUND — TERMINOLOGY. Ethanol blended gasoline refers
28 to a formulation of gasoline blended with ethyl alcohol that
29 meets fuel standards adopted by the department of agriculture
30 and land stewardship (DALs) (Code sections 214A.1 and 214A.2)
31 in accordance with ASTM international specifications and the
32 federal Clean Air Act Amendments of 1990 (42 U.S.C. §7661)
33 administered by the United States environmental protection
34 agency (EPA). Classifications of ethanol blended gasoline
35 are generally determined by the volume percent of ethanol

1 and designated as E-xx where "xx" stands in for the volume
2 percent of ethanol. There are three principal types of ethanol
3 blended gasoline referred to commonly as E-10 formulated with
4 9 or 10 percent ethanol by volume, E-15 formulated with 15
5 percent ethanol by volume, and the highest classification E-85
6 formulated with between 68 to 83 percent ethanol by volume
7 (Code section 214A.1). Generally, the use of E-15 during
8 summer months is allowed only by waiver issued by the EPA.

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

31 BACKGROUND — INFRASTRUCTURE PROGRAM FOR RETAIL MOTOR FUEL
32 SITES. Under the renewable fuel infrastructure program for
33 retail motor fuel sites (financing program), an eligible retail
34 dealer may be awarded moneys on a cost-share basis by the
35 renewable fuel infrastructure board (RFIB) and DALS to assist

1 in improving the retail dealer's retail site by installing,
2 replacing, or converting infrastructure (new infrastructure) to
3 be used to store, blend, or dispense ethanol blended gasoline
4 in compliance with the general E-15 access standard (Code
5 section 159A.14). Thus, the financing program could be used
6 to upgrade infrastructure that had been used to store and
7 dispense E-0 or E-10. However, the new infrastructure must
8 have the capacity of storing and dispensing either E-85 only or
9 a variety of classifications ranging from E-15 to E-85 as part
10 of a blender pump system.

11 BACKGROUND — NEW INSTALLATION OF GASOLINE INFRASTRUCTURE.

12 Generally, the department of natural resources regulates
13 infrastructure used to store motor fuel stored in underground
14 tanks, including ethanol blended gasoline, located at a
15 retail site. A retail dealer at such a retail site who uses
16 infrastructure compatible with E-15 must install, replace, or
17 convert that infrastructure with new infrastructure that is
18 compatible with E-85 (Code section 455G.32).

19 BILL'S PROVISIONS — INFRASTRUCTURE PROGRAM FOR RETAIL
20 MOTOR FUEL SITES. The bill provides a transition period for
21 infrastructure supported by an award of cost-share moneys
22 under the financing program. Until July 1, 2025, the new
23 infrastructure must be compatible with E-15; from July 1, 2025,
24 until July 1, 2030, the new infrastructure must be compatible
25 with ethanol blended gasoline classified as E-40; and on and
26 after July 1, 2030, the new infrastructure must be compatible
27 with E-85. The bill's provisions do not affect decisions
28 regarding financing by the RFIB made prior to the bill's
29 effective date.

30 BILL'S PROVISIONS — NEW INSTALLATION OF GASOLINE
31 INFRASTRUCTURE. The same transition period applies to a retail
32 dealer when installing, replacing, or converting a certain
33 section of the infrastructure that had been used to dispense
34 E-15. In that case, the new infrastructure must be compatible
35 with E-85 except for one section of the infrastructure

1 extending from the shear valve through to the dispenser
2 breakaway. Until July 1, 2025, the infrastructure section
3 must be compatible with E-15; from July 1, 2025, until July
4 1, 2030, the section of the infrastructure must be compatible
5 with ethanol blended gasoline classified as E-40; and on and
6 after July 1, 2030, the section of the infrastructure must be
7 compatible with E-85, meaning compatibility throughout the
8 entire system.

9 BILL'S PROVISIONS — EFFECTIVE DATE. The bill takes effect
10 upon enactment.