

FILED MAR 10 2005

SENATE FILE 347
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 1244)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the promotion of biodiesel and E-85 blended
2 gasoline as renewable fuels.

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

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SE 347

1 DIVISION XXIII

2 PROMOTION OF RENEWABLE FUELS

3 Section 1. NEW SECTION. 15E.401 DEFINITIONS.

4 As used in this division, unless the context otherwise
5 requires:

6 1. "Biodiesel" means the end product achieved through a
7 chemical process which produces monoalkyl esters of long chain
8 fatty acids derived from plant or animal matter for use in
9 diesel-powered engines that meets all of the following
10 requirements:

11 a. The registration requirements for fuels and fuel
12 additives established by the United States environmental
13 protection agency under 42 U.S.C. § 7545.

14 b. Compliance with the specifications of ASTM (American
15 society for testing and materials) international designation
16 D-5798-99.

17 2. "E-85 blended gasoline" means a petroleum product that
18 is gasoline or natural gasoline blended with agriculturally
19 derived ethanol which has been denatured, if the petroleum
20 product typically contains eighty-five percent ethanol by
21 volume but at least contains seventy percent ethanol by
22 volume.

23 3. "Off-site terminal facility" means a distillate fuel
24 storage distribution facility which is used to supply
25 biodiesel through an automated system and which is located
26 within close proximity of a major pipeline terminal.

27 4. "Renewable fuel" means an energy source which is
28 derived from a biomass that is an organic compound available
29 on a renewable or recurring basis, including but not limited
30 to agricultural crops, if the biomass when processed may be
31 used alone or blended with another product to power machinery,
32 including an engine or power plant. "Renewable fuel" includes
33 but is not limited to biodiesel or "E-85 blended gasoline".

34 5. "Service station" means a geographic location where a
35 retail dealer as defined in section 214A.1 operates a metered

1 pump at a service station for purposes of selling and
2 dispensing motor vehicle fuel as defined in section 214A.1 on
3 a retail basis.

4 Sec. 2. NEW SECTION. 15E.402 RENEWABLE FUEL
5 INFRASTRUCTURE COST SHARE PROGRAMS -- E-85 BLENDED GASOLINE
6 AND BIODIESEL.

7 The department shall establish and administer renewable
8 infrastructure cost share fuel programs as follows:

9 1. a. An E-85 infrastructure cost share program to
10 provide financial incentives for the installation or
11 conversion of infrastructure related to equipment or devices
12 used by service stations to sell and dispense E-85 blended
13 gasoline. The financial incentives shall be used for the
14 purpose of establishing a minimum of thirty service stations
15 that distribute E-85 blended gasoline.

16 b. A biodiesel infrastructure cost share program to
17 provide financial incentives for the installation or
18 conversion of infrastructure required to establish off-site
19 terminal facilities that store biodiesel for distribution to
20 service stations. The financial incentives shall be used for
21 the purpose of establishing a minimum of four off-site
22 terminal facilities used for the distribution of biodiesel.

23 2. The financial incentives provided under this section
24 shall not exceed fifty percent of the estimated cost or fifty
25 percent of the actual cost, whichever is less, of installing
26 the necessary infrastructure located at a service station or
27 off-site terminal facility. The moneys shall not be used to
28 pay for expenses incurred by the department in administering
29 the programs. In awarding the financial incentives, the
30 department may cooperate with the office of renewable fuels
31 and coproducts pursuant to section 159A.3.

32 3. For each fiscal year in the fiscal period beginning
33 July 1, 2005, and ending June 30, 2008, the department shall
34 reserve and expend up to three hundred twenty-five thousand
35 dollars of moneys appropriated to the department for purposes

1 of allocating cost share moneys as financial incentives as
2 provided in this section.

3 Notwithstanding section 8.33, any unobligated or unexpended
4 moneys available on June 30 of a fiscal year shall not revert
5 but shall be retained by the department to carry out the
6 renewable infrastructure cost share fuel programs.

7 Sec. 3. NEW SECTION. 15E.403 RENEWABLE FUEL EDUCATION
8 PROGRAM -- E-85 BLENDED GASOLINE AND BIODIESEL.

9 The department shall establish and administer a renewable
10 fuel education program directed to the marketing of renewable
11 fuel. The program shall promote the advantages associated
12 with selling E-85 blended gasoline and biodiesel as an
13 alternative to conventional motor vehicle fuel.

14 1. The department shall award the moneys on a competitive
15 grant basis as provided by the department. The department may
16 award moneys to one or more persons. The moneys shall not be
17 used to pay for expenses incurred by the department in
18 administering the program. In awarding the moneys, the
19 department may cooperate with the office of renewable fuels
20 and coproducts created under section 159A.3.

21 2. A person is eligible to be awarded moneys if all of the
22 following apply:

23 a. The person is a nonprofit corporation organized under
24 chapter 504 which is exempt from taxation pursuant to section
25 501(a) of the Internal Revenue Code.

26 b. The person demonstrates a knowledge about all
27 significant aspects relating to the production and use of
28 renewable fuels, and experience in promoting renewable fuels
29 to ultimate consumers.

30 3. a. For each fiscal year in the fiscal period beginning
31 July 1, 2005, and ending June 30, 2008, the department shall
32 reserve and expend up to one hundred thousand dollars of
33 moneys appropriated to the department for purposes of
34 allocating moneys as awards as provided in this section.

35 b. Notwithstanding section 8.33, any unobligated or

1 unexpended moneys available on June 30 of a fiscal year shall
2 not revert but shall be retained by the department to carry
3 out a renewable fuel education program.

4 EXPLANATION

5 This bill establishes programs for the promotion of
6 renewable fuels and particularly programs for biodiesel and E-
7 85 blended gasoline to be administered by the department of
8 economic development.

9 The bill establishes a cost share program to provide
10 financial incentives for the installation or conversion of
11 infrastructure used by service stations to sell and dispense
12 E-85 blended gasoline. It also establishes a cost share
13 program to provide financial incentives for the installation
14 or conversion of infrastructure required to establish off-site
15 terminal facilities which supply biodiesel. The bill provides
16 that for each of three years, the department must reserve up
17 to \$325,000 for purposes of supporting the programs.

18 The bill also establishes a renewable fuel education
19 program directed to the marketing of renewable fuel in order
20 to promote the advantages associated with selling E-85 blended
21 gasoline and biodiesel as an alternative to conventional motor
22 vehicle fuel. The department must award the moneys on a
23 competitive grant basis to qualified nonprofit organizations.
24 The bill provides that for each of three years, the department
25 must reserve up to \$100,000 for purposes of supporting the
26 program.

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SENATE FILE 347

S-3019

1 Amend Senate File 347 as follows:

2 1. Page 4, by inserting after line 3, the
3 following:

4 "Sec. ____ . Section 452A.3, subsection 1,
5 unnumbered paragraph 1, Code 2005, is amended to read
6 as follows:

7 Except as otherwise provided in this section and in
8 this division, until June 30, ~~2007~~ 2012, this
9 subsection shall apply to the excise tax imposed on
10 each gallon of motor fuel used for any purpose for the
11 privilege of operating motor vehicles in this state.

12 Sec. ____ . Section 452A.3, subsection 1A, Code
13 2005, is amended to read as follows:

14 1A. Except as otherwise provided in this section
15 and in this division, after June 30, ~~2007~~ 2012, an
16 excise tax of twenty cents is imposed on each gallon
17 of motor fuel used for any purpose for the privilege
18 of operating motor vehicles in this state."

19 2. Title page, by striking lines 1 and 2, and
20 inserting the following: "An Act relating to motor
21 fuel by promoting renewable fuel, including biodiesel,
22 E-85 blended gasoline, and other ethanol blended
23 gasoline, and providing for excise taxes on motor
24 fuel."

By BOB BRUNKHORST

S-3019 FILED MARCH 15, 2005

S-3047

1 Amend Senate File 347 as follows:

2 1. Page 1, by striking lines 6 through 22, and
3 inserting the following:

4 "____. "Biodiesel", "E-85 blended gasoline", and
5 "renewable fuel" mean the same as defined in section
6 214A.1."

7 2. Page 1, line 23, by striking the word "Off-
8 site" and inserting the following: "Biodiesel".

9 3. Page 1, by striking lines 25 and 26, and
10 inserting the following: "biodiesel to persons
11 through an automated system and which is located on
12 the same premises as a major pipeline terminal or
13 within close proximity to a major pipeline terminal."

14 4. Page 1, by striking lines 27 through 33.

15 5. Page 2, line 1, by striking the words "service
16 station" and inserting the following: "geographic
17 location".

18 6. Page 2, by striking lines 18 through 22, and
19 inserting the following: "conversion of
20 infrastructure required to establish four biodiesel
21 terminal facilities."

22 7. Page 2, line 27, by striking the word "off-
23 site" and inserting the following: "biodiesel".

24 8. Page 3, by striking line 28, and inserting the
25 following: "renewable fuel, and experience in
26 promoting the use of renewable fuel".

27 9. Page 4, by inserting after line 3, the
28 following:

29 "Sec. _____. Section 159A.2, Code 2005, is amended
30 by adding the following new subsection:

31 NEW SUBSECTION. 0A. "Biodiesel", "E-85 blended
32 gasoline", "ethanol blended gasoline", and "renewable
33 fuel" mean the same as defined in section 214A.1.

34 Sec. _____. Section 159A.2, subsections 6 and 8,
35 Code 2005, are amended by striking the subsections.

36 Sec. _____. Section 159A.3, subsection 3, Code 2005,
37 is amended to read as follows:

38 3. ~~a.~~ A chief purpose of the office is to further
39 the production and consumption of renewable fuel
40 including but not limited to biodiesel and ethanol
41 fuel blended gasoline including E-85 blended gasoline
42 in this state. The office shall be the primary state
43 agency charged with the responsibility to promote
44 public consumption of ~~ethanol~~ renewable fuel.

45 ~~b. The office shall promote the production and~~
46 ~~consumption of soydiesel fuel in this state.~~

47 Sec. _____. Section 214A.1, Code 2005, is amended by
48 adding the following new subsections:

49 NEW SUBSECTION. 1A. "Biodiesel" means a motor
50 vehicle fuel which is produced for use in diesel

S-3047

1 powered engines, if at least two percent of the motor
2 vehicle fuel by volume is an end product achieved
3 through a chemical process that produces monoalkyl
4 esters of long chain fatty acids derived from plant or
5 animal matter, and which meets the standards for that
6 type of renewable fuel as provided in section 214A.2.

7 NEW SUBSECTION. 1B. "E-85 blended gasoline" means
8 ethanol blended gasoline which contains at least
9 eighty-five percent denatured alcohol by volume from
10 the first day of April until the last day of October
11 or seventy percent denatured alcohol by volume from
12 the first day of November until the last day of March
13 and which meets the standards for that type of
14 renewable fuel as provided in section 214A.2.

15 NEW SUBSECTION. 1C. "Ethanol blended gasoline"
16 means motor vehicle fuel which is a mixture of
17 conventional gasoline and at least ten percent
18 denatured alcohol by volume for use in spark ignition
19 engines, and which meets the standards for that type
20 of renewable fuel as provided in section 214A.2.

21 NEW SUBSECTION. 5A. "Renewable fuel" means an
22 energy source which is derived from a biomass that is
23 an organic compound available on a renewable or
24 recurring basis, including but not limited to
25 agricultural crops, if the biomass when processed may
26 be used alone or blended with a petroleum product to
27 power machinery, including an engine or power plant.
28 "Renewable fuel" includes but is not limited to
29 biodiesel and ethanol blended gasoline including E-85
30 blended gasoline.

31 Sec. _____. Section 214A.2, subsection 1, Code 2005,
32 is amended to read as follows:

33 1. The secretary shall adopt rules pursuant to
34 chapter 17A for carrying out this chapter. The rules
35 may include, but are not limited to, specifications
36 relating to motor vehicle fuel or, including but not
37 limited to renewable fuel which includes oxygenate
38 octane enhancers. In the interest of uniformity, the
39 secretary shall adopt by reference or otherwise
40 specifications relating to tests and standards for
41 motor fuel or oxygenate octane enhancers, established
42 by A.S.T.M. ~~(American society for testing and~~
43 ~~materials)~~ international, unless the secretary
44 determines those specifications are inconsistent with
45 this chapter or are not appropriate to the conditions
46 which exist in this state.

47 Sec. _____. Section 214A.2, subsection 3, Code 2005,
48 is amended by striking the subsection and inserting in
49 lieu thereof the following:

50 3. Ethanol blended gasoline for use in automotive

1 spark ignitions must meet all of the following:

2 a. The registration requirements for fuels and
3 fuel additives established by the United States
4 environmental protection agency under 42 U.S.C. §
5 7545.

6 b. Compliance with the specifications of ASTM
7 international designation D-4806.

8 Sec. _____. Section 214A.2, Code 2005, is amended by
9 adding the following new subsection:

10 NEW SUBSECTION. 3A. Biodiesel must meet all of
11 the following:

12 a. The registration requirements for fuels and
13 fuel additives established by the United States
14 environmental protection agency under 42 U.S.C. §
15 7545.

16 b. Compliance with the specifications of ASTM
17 international designation D-5798-99.

18 Sec. _____. Section 307.20, Code 2005, is amended to
19 read as follows:

20 307.20 BIODIESEL ~~FUEL~~ REVOLVING FUND.

21 1. A biodiesel ~~fuel~~ revolving fund is created in
22 the state treasury. The biodiesel ~~fuel~~ revolving fund
23 shall be administered by the department and shall
24 consist of moneys received from the sale of EPAct
25 credits banked by the department on April 19, 2001,
26 moneys appropriated by the general assembly, and any
27 other moneys obtained or accepted by the department
28 for deposit in the fund. Moneys in the fund are
29 appropriated to and shall be used by the department
30 for the purchase of biodiesel ~~fuel~~ for use in
31 department vehicles. The department shall submit an
32 annual report not later than January 31 to the members
33 of the general assembly and the legislative services
34 agency, of the expenditures made from the biodiesel
35 fund during the preceding fiscal year. Section 8.33
36 does not apply to any moneys in the fund and,
37 notwithstanding section 12C.7, subsection 2, earnings
38 or interest on moneys deposited in the fund shall be
39 credited to the fund.

40 2. A department motor vehicle operating on
41 biodiesel ~~fuel~~ shall be affixed with a brightly
42 visible sticker that notifies the traveling public
43 that the motor vehicle uses biodiesel ~~fuel~~.

44 3. For purposes of this section, all of the
45 following definitions apply:

46 a. ~~"Biodiesel fuel"~~ "Biodiesel" means ~~soydiesel~~
47 ~~fuel~~ the same as defined in section ~~159A.2~~ 214A.1.

48 b. "EPAct credit" means a credit issued pursuant
49 to the federal Energy Policy Act (EPAct), 42 U.S.C. §
50 13201 et seq.

1 Sec. _____. Section 422.11C, subsection 1, paragraph
2 a, Code 2005, is amended to read as follows:

3 a. "Ethanol blended gasoline" means the same as
4 defined in section ~~452A.2~~ 214A.1.

5 Sec. _____. Section 423.3, subsection 56, Code 2005,
6 is amended to read as follows:

7 56. The sales price from the sale of motor fuel
8 and special fuel consumed for highway use or in
9 watercraft or aircraft where the fuel tax has been
10 imposed and paid and no refund has been or will be
11 allowed and the sales price from the sales of ethanol
12 blended gasoline, as defined in section ~~452A.2~~ 214A.1.

13 Sec. _____. Section 452A.2, subsection 2, Code 2005,
14 is amended by striking the subsection and inserting in
15 lieu thereof the following:

16 2. "Biodiesel" means the same as defined in
17 section 214A.1.

18 Sec. _____. Section 452A.2, Code 2005, is amended by
19 adding the following new subsection:

20 NEW SUBSECTION. 9A. "E-85 blended gasoline" means
21 the same as defined in section 214A.1.

22 Sec. _____. Section 452A.2, subsection 11, Code
23 2005, is amended to read as follows:

24 11. "Ethanol blended gasoline" means ~~motor fuel~~
25 ~~containing at least ten percent alcohol distilled from~~
26 ~~cereal grains~~ the same as defined in section 214A.1.

27 Sec. _____. Section 452A.2, subsection 21, Code
28 2005, is amended to read as follows:

29 21. "Nonterminal storage facility" means a
30 facility where motor fuel or special fuel, other than
31 liquefied petroleum gas, is stored that is not
32 supplied by a pipeline or a marine vessel.

33 "Nonterminal storage facility" includes a facility
34 that manufactures products such as alcohol, ~~biofuel~~
35 biodiesel, blend stocks, or additives which may be
36 used as motor fuel or special fuel, other than
37 liquefied petroleum gas, for operating motor vehicles
38 or aircraft.

39 Sec. _____. Section 452A.3, Code 2005, is amended by
40 adding the following new subsection:

41 NEW SUBSECTION. 1B. An excise tax of fourteen and
42 two-tenths cents is imposed on each gallon of E-85
43 blended gasoline used for the privilege of operating
44 motor vehicles in this state.

45 Sec. _____. Section 452A.6, Code 2005, is amended to
46 read as follows:

47 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS
48 -- BLENDER'S LICENSE.

49 1. A person other than a supplier, restrictive
50 supplier, or importer licensed under this division,

1 who blends gasoline with alcohol distilled from cereal
2 grains so that the blend contains at least ten percent
3 alcohol distilled from cereal grains, shall obtain a
4 blender's license.

5 2. A person who blends two or more special fuel
6 products or sells one hundred percent ~~biofuel~~
7 biodiesel shall obtain a blender's license.

8 3. ~~The A blender's~~ license shall be obtained by
9 ~~following complying with~~ the procedure under section
10 452A.4 ~~and the.~~ A blender's license is subject to the
11 same restrictions as contained in that section. A
12 blender shall maintain records as required by section
13 452A.10 as to motor fuel, alcohol, ethanol blended
14 gasoline, and special fuels."

15 10. Title page, by striking lines 1 and 2, and
16 inserting the following: "An Act relating to
17 renewable fuel, including by providing for ethanol and
18 biodiesel, providing financial incentives and excise
19 taxes, and making penalties applicable."

20 11. By renumbering as necessary.

By JOHN P. KIBBIE
DAVID JOHNSON`

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 347 - Ethanol 85 & Biodiesel Program (LSB 2837 SV)

Analyst: Debra Kozel (Phone: (515) 281-6767) (deb.kozel@legis.state.ia.us)

Fiscal Note Version - New

Description

Senate File 347 creates a Renewable Fuel Infrastructure Cost Share Program in the Department of Economic Development (DED). Within the Program, there will be three funds:

- E-85 (85.0% gasoline and 15.0% blended fuel) Infrastructure Cost Share Fund to pay for up to 50.0% of the cost of installation or conversion of gas pumps to sell E-85 blended gasoline.
- Biodiesel Infrastructure Cost Share Program is created to pay for up to 50.0% of the cost to install or convert off-site terminal storage and blending facilities to store and distribute biodiesel fuel to service stations.
- Renewable Fuel Education Program to provide grants to nonprofit corporations or knowledgeable persons that will promote the marketing of renewable fuel.

Background

The Bill provides financial incentives to encourage Iowa distributors to sell E-85 gasoline and biodiesel fuel. Iowa has six operating ethanol plants with an additional nine plants in the development stages. There are two biodiesel plants in Iowa with annual capacity of 3.0 million gallons per year. The minimum goal of the legislation is to build 30 additional E-85 gasoline outlets and four biodiesel blending stations in a three-year period.

Assumptions

1. The Bill specifies the DED reserve \$325,000 of their annual appropriation for the Renewable Fuel Infrastructure Cost Share Program for FY 2006 through FY 2008 and specifies funds are not used to administer the Program.
2. The Bill specifies the DED reserve \$100,000 of their annual appropriation for the Renewable Fuel Education Program.
3. The DED will absorb the cost to administer the Program with their current operations budget.

Fiscal Impact

The fiscal impact for SF 347 is an increase in expenditures of \$425,000 for FY 2006 through FY 2008.

Source

Department of Economic Development

/s/ Holly M. Lyons

March 30, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

Kibbie co-chair
Putney co-chair
Fraise
Brunkhorst

Succeeded By
SF/HF 347

SSB# 1244

Agriculture

SENATE FILE _____
BY (PROPOSED COMMITTEE ON AGRICULTURE
BILL BY CO-CHAIRPERSONS
FRAISE and JOHNSON)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the promotion of biodiesel and E-85 blended
2 gasoline as renewable fuels.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 DIVISION XXIII

2 PROMOTION OF RENEWABLE FUELS

3 Section 1. NEW SECTION. 15E.401 DEFINITIONS.

4 As used in this division, unless the context otherwise
5 requires:

6 1. "Biodiesel" means the end product achieved through a
7 chemical process which produces monoalkyl esters of long chain
8 fatty acids derived from plant or animal matter for use in
9 diesel-powered engines that meets all of the following
10 requirements:

11 a. The registration requirements for fuels and fuel
12 additives established by the United States environmental
13 protection agency under 42 U.S.C. § 7545.

14 b. Compliance with the specifications of ASTM (American
15 society for testing and materials) international designation
16 D-5798-99.

17 2. "E-85 blended gasoline" means a petroleum product that
18 is gasoline or natural gasoline blended with agriculturally
19 derived ethanol which has been denatured, if the petroleum
20 product typically contains eighty-five percent ethanol by
21 volume but at least contains sixty percent ethanol by volume.

22 3. "Off-site terminal facility" means a vehicle facility
23 that is used to manufacturer, store, or distribute motor
24 vehicle fuel to a service station, if the facility is not
25 supplied by a pipeline or a marine vessel.

26 4. "Renewable fuel" means an energy source which is
27 derived from a biomass that is an organic compound available
28 on a renewable or recurring basis, including but not limited
29 to agricultural crops, if the biomass when processed may be
30 used alone or blended with another product to power machinery,
31 including an engine or power plant. "Renewable fuel" includes
32 but is not limited to biodiesel or "E-85 blended gasoline".

33 5. "Service station" means a geographic location where a
34 retail dealer as defined in section 214A.1 operates a metered
35 pump at a service station for purposes of selling and

1 dispensing motor vehicle fuel as defined in section 214A.1 on
2 a retail basis.

3 Sec. 2. NEW SECTION. 15E.402 RENEWABLE FUEL
4 INFRASTRUCTURE COST SHARE PROGRAMS -- E-85 BLENDED GASOLINE
5 AND BIODIESEL.

6 The department shall establish and administer renewable
7 infrastructure cost share fuel programs as follows:

8 1. a. An E-85 infrastructure cost share program to
9 provide financial incentives for the installation or
10 conversion of infrastructure related to equipment or devices
11 used by service stations to sell and dispense E-85 blended
12 gasoline.

13 b. A biodiesel infrastructure cost share program to
14 provide financial incentives for the installation or
15 conversion of infrastructure required to establish off-site
16 terminal facilities that manufacture or store biodiesel for
17 distribution to service stations.

18 2. The financial incentives provided under this section
19 shall not exceed fifty percent of the estimated cost or fifty
20 percent of the actual cost, whichever is less, of installing
21 the necessary infrastructure located at a service station or
22 off-site terminal facility. The moneys shall not be used to
23 pay for expenses incurred by the department in administering
24 the programs. In awarding the financial incentives, the
25 department may cooperate with the office of renewable fuels
26 and coproducts pursuant to section 159A.3.

27 3. For each fiscal year in the fiscal period beginning
28 July 1, 2005, and ending June 30, 2008, the department shall
29 reserve and expend up to three hundred twenty-five thousand
30 dollars of moneys appropriated to the department for purposes
31 of allocating cost share moneys as financial incentives as
32 provided in this section.

33 a. For each of the fiscal years, not more than two hundred
34 fifty thousand dollars shall be used to support the E-85
35 infrastructure cost share program. During the fiscal period,

1 the department shall allocate the moneys to at least thirty
2 service stations.

3 b. For each of the fiscal years, not more than seventy-
4 five thousand dollars shall be used to support the biodiesel
5 infrastructure cost share program. During the fiscal period,
6 the department shall allocate the moneys to at least four off-
7 site terminal facilities.

8 Notwithstanding section 8.33, any unobligated or unexpended
9 moneys available on June 30 of a fiscal year shall not revert
10 but shall be retained by the department to carry out the
11 renewable infrastructure cost share fuel programs.

12 Sec. 3. NEW SECTION. 15E.403 RENEWABLE FUEL EDUCATION
13 PROGRAM -- E-85 BLENDED GASOLINE AND BIODIESEL.

14 The department shall establish and administer a renewable
15 fuel education program directed at ultimate consumers of motor
16 vehicle fuel. The program shall promote the advantages
17 associated with using E-85 blended gasoline and biodiesel as
18 an alternative to conventional motor vehicle fuel.

19 1. The department shall award the moneys on a competitive
20 grant basis as provided by the department. The department may
21 award moneys to one or more persons. The moneys shall not be
22 used to pay for expenses incurred by the department in
23 administering the program. In awarding the moneys, the
24 department may cooperate with the office of renewable fuels
25 and coproducts created under section 159A.3.

26 2. A person is eligible to be awarded moneys if all of the
27 following apply:

28 a. The person is a nonprofit corporation organized under
29 chapter 504 which is exempt from taxation pursuant to section
30 501(c) of the Internal Revenue Code.

31 b. The person demonstrates a knowledge about all
32 significant aspects relating to the production and use of
33 renewable fuels, and experience in promoting renewable fuels
34 to ultimate consumers.

35 3. a. For each fiscal year in the fiscal period beginning

1 July 1, 2005, and ending June 30, 2008, the department shall
2 reserve and expend up to one hundred thousand dollars of
3 moneys appropriated to the department for purposes of
4 allocating moneys as awards as provided in this section.

5 b. Notwithstanding section 8.33, any unobligated or
6 unexpended moneys available on June 30 of a fiscal year shall
7 not revert but shall be retained by the department to carry
8 out a renewable fuel education program.

9

EXPLANATION

10 This bill establishes programs for the promotion of
11 renewable fuels and particularly programs for biodiesel and E-
12 85 blended gasoline to be administered by the department of
13 economic development.

14 The bill establishes a cost share program to provide
15 financial incentives for the installation or conversion of
16 infrastructure used by service stations to sell and dispense
17 E-85 blended gasoline. It also establishes a cost share
18 program to provide financial incentives for the installation
19 or conversion of infrastructure required to establish off-site
20 terminal facilities which manufacture or store biodiesel for
21 distribution to service stations. The bill provides that for
22 each of three years, the department must reserve up to
23 \$325,000 for purposes of supporting the programs.

24 The bill also establishes a renewable fuel education
25 program directed at ultimate consumers of motor vehicle fuel
26 in order to promote the advantages associated with using E-85
27 blended gasoline and biodiesel as an alternative to
28 conventional motor vehicle fuel. The department must award
29 the moneys on a competitive grant basis to qualified nonprofit
30 organizations. The bill provides that for each of three
31 years, the department must reserve up to \$100,000 for purposes
32 of supporting the program.

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