



## **A.B.A.T.E. of Iowa Call to Action**

February 12, 2021

RE: Senate Study Bill 1179 and House Study Bill 185

### **A.B.A.T.E. of Iowa members, we need your help!**

We are opposing Senate Study Bill 1179 and House Study Bill 185. These bills are acts relating to renewable fuel used to power motor vehicles, including providing standards and restrictions, infrastructure, tax credits, and requirements for state agencies operating motor vehicles powered by renewable fuel, making appropriations, providing penalties, and making penalties applicable, and including effective date provisions.

**ABATE of Iowa is receiving assistance in stopping these bills by being a part of the Fuel Choice Coalition and is asking for additional help in the form of phone calls to legislators from our members who are in opposition to these bills.**

SSB1179 has been assigned to a Senate Agriculture subcommittee made up of Senators Zumbach, Ragan, and Sweeney.

HSB185 has been assigned to a House Ways and Means subcommittee made up of Representatives Hein, Maxwell, and Wolfe. That subcommittee is scheduled to meet on February 17, 2021.

Removing consumer choice by only allowing one pump, labeled as "restricted use gasoline," for E10 or less will lead to limited availability as well as prohibitive lines for those that choose fuel with less than E15.

We have advocated addressing the concern of invalidated warranties by consumers using fuel with higher blends of ethanol in motorcycles, older vehicles, and other small engines. We have asked for labeling provisions at the pumps, including a specific warning on blender pumps regarding residual gasoline in the hose. These bills would provide almost no labeling, relying on consumers to know the risks of improper fueling through self-education. The label "restricted use gasoline" will discourage use by consumers who are unfamiliar with manufacturer warnings.

**A.B.A.T.E. of Iowa's goal is to get these defeated in subcommittee.**

**To register your opposition in person with your legislators, please attend ABATE of Iowa's Lobby Breakfast from 7 am to 9 am on Tuesday, February 16.**

Included below are the press release and bullet points from the Fuel Choice Coalition and links to the text of the study bills. If you have any questions, please reach out to me via phone or text at 515-890-2991.

Jodi Right  
State Legislative Officer  
ABATE of Iowa

[Link to SSB1179](#)

[Link to HSB185](#)

## **FOR IMMEDIATE RELEASE**

February 11, 2021

## **CONTACT**

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### **The Fuel Choice Coalition Strongly Opposes Government-Imposed Fuel Mandate that Eliminates Choice and Raises Gas Prices on Iowans**

*Coalition calls on Iowa legislators to oppose the strict mandate in favor of meaningful infrastructure Support*

**Urbandale, IA** – The Fuel Choice Coalition, a unified voice of Iowa fuel distributors, retailers, wholesalers, and transportation groups announced their opposition to the government-imposed mandate introduced in the Iowa legislature (House Study Bill 185 and Senate Study Bill 1179). This legislation would enforce a strict mandate on the fuel industry that eliminates choice, raises fuel prices on consumers, and harms rural Iowa businesses.

Iowa's fuel industry has long advocated the need for critical infrastructure upgrades that will enhance the state's fuel distribution network. Currently, the vast majority of fueling stations in rural Iowa are unable to offer higher blended biofuels due to requirements mandated by the United States Environmental Protection Agency. The facts make clear that today's infrastructure is currently incapable of dispensing the Governor's mandated products: current tanks, piping, and dispensers cannot safely dispense them. The Fuel Choice Coalition and experts agree it will cost at least \$1 billion to upgrade Iowa's infrastructure to meet the mandate's requirements.

**FUEL Iowa President and CEO Ronald N. Langston stated,** "FUEL Iowa agrees renewable fuels like ethanol and biodiesel are critical to our economy. We have long shared a goal to expand our infrastructure to move more biofuels across the state. However, approaching this issue by way of a government-imposed mandate is the wrong road for Iowa to take and harmful consequences will follow. We strongly urge the legislature to oppose this mandate which will force Iowans to pay more at the pump, eliminates choice in our fuels, and threaten hundreds of small businesses and the people they employ."

The ongoing pandemic has created unprecedented challenges for the Iowa retail fuel industry, its owner operators, supply chains and the transportation sector. This unfunded and unmerited fuel mandate only exacerbates those challenges.

"This swift proposal to force a mandate on the backs of Iowa businesses and consumers will have wide-ranging impacts - not only on the retail fuel industry but across the entire economy," **said Brenda Neville, President & CEO of the Iowa Motor Truck Association.** "Such a result would cause higher maintenance costs, higher fuel costs for truckers, and a loss of competition in Iowa. Mandates are the wrong mechanism to drive the use of more fuels and we urge the legislature to reject HSB 185 and similar legislative proposals."

"By labeling non-ethanol or non-biodiesel options as 'restricted use,' we're moving away from consumer choice and into artificial market manipulation bordering on a fuel mandate," **said Drew Klein, State Director for Americans for Prosperity – Iowa.** "This is new regulation, not for the sake of public safety, but as a means of picking winners and losers in the economy."

"Picking winners and losers at the pump is no way to improve the fuel network in Iowa, nor are policies that require Iowans to buy more fuel and at higher prices," **said Mark Maxwell, lobbyist for ABATE of Iowa and the Iowa Motorcycle Dealers Association.** "This is a misguided attempt for a market grab that does not help consumers or our fuel choices."

"A government-imposed fuel mandate is absolutely the wrong direction to go. It eliminates the right of the consumer to choose what they are buying at the pump and takes away an informed decision by removing all labeling," **said Jodi Right, State Legislative Officer for ABATE of Iowa.** "The burden put on small businesses to have to purchase the equipment to comply with mandate, as well as the very real possibility of long lines this could cause for consumers exercising choice, makes this proposal too cumbersome."

In neighboring Minnesota, which has enacted a similar mandate - diesel prices are higher and its sales have decreased. Since the mandate has been enacted, Minnesota's average annual taxable diesel gallons are down 6%, while the average annual taxable diesel gallons in Iowa have increased by 5%.

According to the [Annual Report on Biodiesel: Report to the Legislature, Minnesota Department of Agriculture](#) (January 15, 2019), Iowa now produces over four times the amount of biodiesel when compared to Minnesota and the average price for a bushel of soybeans was 16 cents higher.

In Iowa, 87 percent of gasoline gallons sold are blended with ethanol and 70 percent of on-road diesel fuel gallons are blended with biodiesel. However, forcing higher prices on the backs of small businesses and consumers is no way to grow the economy.

"Instead of appropriately funding our fuel infrastructure to sell greater amounts of biofuels, the proposed government mandate under this legislation would be dictating what Iowans can and can't use at the pump – leading to higher fuel costs, fewer consumer choices at the pump, and would disproportionately impact Iowa's rural fuel distribution network. We urge the legislature to back away immediately from supporting mandates and instead support the infrastructure that will actually increase the usage of biofuels," **added Langston.**

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### ***About the Fuel Choice Coalition***

**The Fuel Choice Coalition** is a unified voice of Iowa fuel distributors, retailers, wholesalers, and transportation groups that support Iowans' choices at the pump including with higher blended fuels, and fair markets for fuel distribution. The group opposes any government mandate that attempts to pick winners and losers at the pump and instead supports a focus on improving the infrastructure to truly sell higher-blended fuels. Members of the coalition include:

- ABATE of Iowa
- American Council of Engineering Companies
- Americans for Prosperity – Iowa
- Casey's
- FUELlowa
- Iowa Motor Truck Association
- Iowa Motorcycle Dealers Association
- Kum & Go
- Kwik Star
- Truckstops of Iowa

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## **Biofuel Mandate Legislation Summary**

### **Section 1: Definitions**

*Restricted Use Diesel Fuel and Restricted Use Gasoline*

### **Section 4: Disciplinary Action and Product Classifications**

Provides IDALS Weights and Measures Bureau the authority to revoke the license of an entity in violation of the mandate. The classification of products may invoke changes to product labeling, advertising, and street sign price advertising through the state rulemaking process.

### **Section 5: E0 / E10 / E15 / E85 Classifications**

The classification of products may invoke changes to product labeling, advertising, and street sign price advertising through the state rulemaking process.

### **Section 7: Classification of Biodiesel – B100 and B0**

The classification of products may invoke changes to product labeling, advertising, and street sign price advertising through the state rulemaking process.

### **Section 13: Gasoline and Ethanol Blended Gasoline Labeling**

Mandates the labeling of restricted use gasoline and restricted use diesel fuel with a decal identifying the product as restricted use gasoline or restricted use diesel fuel.

### **Section 14: Ethanol Blended Gasoline Mandate**

Mandates a minimum blend of E10 gasoline to be sold at all but one gasoline fueling position effective upon enactment. The remaining fueling position may offer a restricted use gasoline (E0-E8). This mandate remains in effect until December 31, 2024.

Beginning January 1, 2025, E15 will replace the E10 mandate and will be required to be sold at all but one gasoline fueling position. The remaining fueling position may offer a restricted use gasoline (E0-E14). Provides a definition for "restricted retail motor fuel site" selling restricted use gasoline products.

#### **Section 15: Biodiesel Blended Fuel Mandate**

Effective upon enactment of the legislation through September 30, 2021 B11 will be required to be sold at all but one diesel fueling position per retail motor fuel site. The remaining fueling position may offer a restricted use diesel fuel (B0-B10).

Beginning October 1, 2021 and extending through April 14, 2022 B5 will be required to be sold at all but one diesel fueling position per retail motor fuel site. The remaining fueling position may offer a restricted use diesel fuel (B0-B4).

This cycle continues until April 15, 2024 at which time B20 will replace B11 and be required for sale at all but one diesel fueling position per retail motor fuel site. The remaining fueling position may offer a restricted use diesel fuel (B0-B19).

B5 will continue to be mandated from October 1 – April 14 each year. Provides a definition for "restricted retail motor fuel site" selling restricted use diesel fuel.

#### **Section 16: Renewable Fuel – Restricted Use Gasoline or Diesel Fuel Waiver**

Waiver may be issued on a per location basis and would allow the retailer to sell restricted use gasoline or diesel fuel.

#### **Section 17: Renewable Fuel – Restricted Use Gasoline or Diesel Fuel Suspension**

Executive Order may be issued by Governor allowing a retailer to sell restricted use gasoline or diesel fuel.

#### **Section 18: Disciplinary Action – Weights and Measures Bureau**

Revocation or non-renewal of a retail license.

#### **Section 19: Effective Date – Upon Enactment**

#### **Section 21: Infrastructure Investment**

Amends the existing requirements for applicant eligibility in the state infrastructure grant program by requiring the installation of E85 compatible equipment or B20-B100 compatible equipment. Amends minimum blend eligibility from E15 to E85 and B2 to B20. Repealed on July 1, 2024.

#### **Section 22: Cost Share Awards**

Makes modification to existing biodiesel cost share awards from \$50,000 to \$30,000 per project. Grant recipients are required to sell a minimum B20 blend from April 15 – September 30 through the term of their cost share agreement.

#### **Section 23: Cap on Biodiesel Projects**

Provides a \$1.25 million cap on biodiesel projects annually through June 30, 2024.

#### **Section 24: \$5M General Fund Appropriation Toward Infrastructure Program**

#### **Section 26: Requirements for Storage and Dispensing Infrastructure**

Strikes language contained in Iowa Code Section 323.4A related to a leased business premise and supply agreement restrictions on renewable fuels. Also strikes outdated code language in 455G.31.

#### **Section 29: 455G.34 Restrictions on Infrastructure**

Mandates the installation of E85 compatible equipment including equipment that is replaced or converted.

**Section 32: Repeals Section Address Income Tax Credit In lieu of Refund in 42.110**

**Section 33: Biodiesel Blended Fuel Tax Credit Schedule**

Modifies the tax credits available on B5, B11, B20, and B30. Repealed in Section 34 (January 1, 2029).

**Section 35: E15 Promotion Tax Credit (422.11Y)**

Strikes language on the tax credit making the E15 promotion tax credit 3 cents year-round. Repealed on January 1, 2029 in Section 36.

**Section 36-39: Current Tax Credit Applicability Extended to January 1, 2029**

**Section 40: Documentation required during Transportation of Motor Fuel (PTDs / BOLs)**

**Section 41: Amends Retail Reporting Requirements For the Department of Revenue Retail Gallons Report**

**Section 42-45: Addresses Tax Credit Availability In Calendar year 2028**

Tax credits are repealed January 1, 2029 and Sections 42-45 address multiple retail tax credits where the filer's tax year ends prior to December 31, 2028.

**Sections 46-54: Renewable Fuel Use By State Motor Vehicles**

Implements the Governor's Executive Order mandating renewable fuel use in state vehicles. Also addresses state vehicle purchasing, renewable fuel consumption, and record-keeping and reporting requirements.