



# 2013 IOWA LEGISLATIVE SUMMARY

## 2013 LEGISLATIVE LEADERSHIP

Governor Terry Branstad (R)

Serving Fifth Term

Iowa Senate (26 D - 24 R)

*\*Newly Elected* - Senate President Pam Jochum (D, Dubuque)

Majority Leader Mike Gronstal (D, Council Bluffs)

*\*Newly Elected* - Minority Leader Bill Dix (R, Shell Rock)

Iowa House (53 R – 47 D)

Speaker of the House Kraig Paulsen (R, Marion)

Majority Leader Linda Upmeyer (R, Garner)

Minority Leader Kevin McCarthy (D, Des Moines)

Commerce Committees

Senate Committee Chair, Senator Matt McCoy (D-Des Moines)

*\*Newly Appointed* - House Committee Chair, Representative Peter Cownie (R-West Des Moines)

## PRIOR TO START OF 2013 SESSION THE MAJOR ENERGY ISSUES THAT WERE ANTICIPATED TO BE DEBATED:

1. **Nuclear Regulatory Bill**
  - MidAmerican Energy will not pursue nuclear legislation in this session.
2. **Retail Sales by an Independent Power Producer (Eagle Point Solar & City of Dubuque)**
  - Some legislators have indicated their intent to seek legislation that would allow an independent power producer (Eagle Point) to sell the power from its solar electric generating facility directly to an “end-use customer” (City of Dubuque). *[A recent District Court decision reversed an IUB ruling that Eagle Point Solar would be a “public utility” and is prohibited by the exclusive service territory law from offering its retail power sales directly to the City of Dubuque. That District Court decision has been appealed by the IUB with the support of industry.]*

3. **Stray Voltage**
  - The Iowa REC's indicated their intent to bring forth legislation similar to the bill approved by the Iowa Senate in 2012.
4. **Replacement Tax – Ethanol Challenge**
  - The industry will be monitoring any efforts by the ethanol industry to make changes to the utility replacement tax. *[A decision from an Administrative Law Judge ruled in favor of the Dept. of Revenue's denial of Replacement Tax refunds for some ethanol plants.]*
5. **Replacement Tax – American Water Company**
  - American Water Company indicated its intent to pursue legislation that would include and apply the utility replacement tax to investor-owned water companies. *(Governor Signed into Law)*
6. **Replacement Tax – Fertilizer Plants**
  - The industry will be monitoring efforts to exempt natural gas deliveries to fertilizer manufacturing plants from the utility replacement tax.
7. **Renewable Energy Mandates**
  - Based on recent history, it is reasonable to assume that there will be efforts to promote the expansion of renewable energy and energy efficiency through mandates on the utility industry.
    - ✓ Solar Feed-in-Tariffs (Diversify renewable energy sources)
    - ✓ Solar Power State Investment (\$3.1 million) at U of Iowa (*Senator Hogg*)
    - ✓ Energy Efficiency Standards (1.5%)
    - ✓ RPS (40% by 2020)
8. **Iowa Wind Energy Association's Published 2013 Agenda**
  - Establish tax credits for small scale residential, commercial and agriculture wind energy systems. Similar to solar credits established in 2012 session.
  - Low cost loans for Small Wind Innovation Zones
  - Direct the IUB to determine a "reasonable rate of return" to be paid to small scale wind producers in addition to the current "avoided cost" allowance.
  - Establish an installed capacity goal of 1% of wind energy from distributed generation by 2020.
  - Allow meter aggregation on properties served by a small wind generator.
9. **Right of First Refusal - Transmission**
  - ITC Midwest and the Iowa Association of Municipal Utilities indicated their intent to bring forth legislation that gives the incumbent utility in the impacted service territory the "right of first refusal" to build/own transmission.
10. **Railroad Rights of Way**
  - The industry will be monitoring any legislative efforts initiated by Hawkeye Land Company to remove the company from the railroad crossing statutes.
11. **Industrial "Opt-Out" of Energy Efficiency Programs/Charges**
  - Ag Processing drafted a position paper and is seeking the support of other industrial users (2 MW or higher of demand) to ask the legislature for an "opt-out" option of utility energy efficiency programs.

**12. Pipeline Safety Violations**

- The IUB proposed amending 479.31 to impose new civil penalties of \$100,000 maximum per violation per day and \$1 million maximum for a related series of pipeline safety violations. (*Governor Signed into Law*)

**13. Ratemaking Principles for Power Purchase Agreements**

- NextEra Energy indicated its intent to reintroduce legislation (HSB 539 from 2012) that would allow IUB ratemaking principles for power purchase agreements entered into by rate-regulated utilities.

**14. Tax Credits for Facilities Dispensing Electricity or CNG for Vehicles**

- General Motors and Black Hills Energy indicated their interest in, once again, to pursue legislation (SF-520 from 2012) that would provide for a tax credit for facilities that dispense electricity or CNG to fuel motor vehicles.

**FINAL 2013 ENERGY BILL SESSION SUMMARY**

*Session Ended on May 23, 2013*

The following is a listing of major energy-related bills the industry followed during the 2013 session. Governor Branstad has 30 days from session's end to approve or veto legislation.

If you have questions, you're welcome to call the IUA (515.282.2115).

 **SIGNED INTO LAW BY THE GOVERNOR**

**SF-91 Increases Civil Penalties for Pipeline Safety Violations** This IUB-sponsored bill increases civil penalties for pipeline and underground gas storage violations to \$100,000 per violation and \$1 million maximum for any related series of violations.

**HF-225 Pollution Prevention and Waste Management Assistance** Makes several (non-substantive) changes to waste management statute provisions, eliminates certain terms no longer used, makes changes to the waste management duties of the DNR and eliminates redundant language.

**HF-311 Water Quality & Storm Water Discharges** Provides that storm water and allowable non-storm water discharges do not require public notices.

**HF-484 Boiler Inspections** Allows Labor Commissioner to adopt rules establishing an internal inspection interval of up to four years for boilers owned and operated by electric public utilities subject to rate regulation under chapter 476.

**SF-427 Plumbing, Mechanical, HVAC-Refrigeration, Sheet Metal and Hydronic Professionals Licensing**

Redefines plumbing, HVAC, refrigeration and hydronic systems professionals as plumbing, mechanical, HVAC-refrigeration, sheet metal or hydronic professionals. Includes provisions on classifying current licensees and licensing renewals, and makes penalties applicable.

**HF-630 Sales Tax Exemption for Hydroelectric Conversion Property** Exempts hydroelectricity conversion property from sales tax in Code section 423.3, subsection 54, in addition to current sales tax exemption for wind energy conversion property.

**SF-451 Water Utility Replacement Tax** The proposal establishes a new Water Utilities Replacement Tax similar in structure to the energy industry’s Utility Replacement Tax. Applies to water companies subject to rate and service regulation of the IUB and is based on the number of gallons of water delivered to consumers. Also, extends the utility replacement tax task force (created in section 437A.15) through January 1, 2016.

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### **RESOLUTIONS ADOPTED**

**HR-3 Legislature and Governor Recognize “Super Storm Sandy” Utility Workers** The Iowa House unanimously adopted a 2013 session opening day resolution to formally honor workers of Iowa’s utility companies and their contractors who went to the East Coast to assist with Hurricane Sandy utility restoration efforts.

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### **✓ PASSED BY BOTH CHAMBERS**

*Awaiting Governor’s Consideration*

#### **GENERAL ENERGY**

**SF-452 Standings Appropriations** Includes provisions on technical “clean-up” in HVAC licensing language; technical “clean-up” of the definition of “public utility;” imposing city franchise fees subject to a court-approved settlement; and repealing the electric vehicle registration fee. See [CCS-452](#).

**HF-648 Transfers & Appropriations** Includes amendment ([H-1459](#)) with new language in Section 14, lines 37-47 of the appropriating \$300,000 “for distribution for a public purpose to an entity with a mission of providing education and training for occupations in Iowa’s renewable energy production industries and related occupational opportunities.”

### **✗ THESE BILLS DID *NOT* RECEIVE LEGISLATIVE APPROVAL**

#### **ENVIRONMENTAL**

**SF-24 and SF-176 Non-Storm Water Pollutant Discharge to Water Surface Signage Requirements**

**SF-169 DNR Report on Fiscal Impact of EPC Rules on Cities**

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#### **RENEWABLE ENERGY / ENERGY EFFICIENCY**

**HF-48 Geothermal and Solar Property Tax Exemption Limitations**

**HF-59 State Agency Energy Efficiency Efforts – Requirements and Provisions**

**HF-497 School Wind Generation Revolving Loan and Grant Program**

**HF-226 Allow Establishment of Alternative Energy Aggregation Projects as Non-Public Utilities**

**HF-237 and HF-326 Green Schools LEED Certification for Elementary & Secondary Public School Buildings**

**HF-241 Energy Efficiency Training Curriculum for Designated School District Employees** (in Standings Bill)

**HF-281 Inclusion of Photovoltaic Installations in Licensing & Installation Requirements for Electricians & Electrical Contractors**

**HF-283 Energy Audit Program for Elementary & Secondary Public School Buildings**

**HF-313 Solar Energy Ownership or Purchasing Goals & IUB Rules for Utilities Compliance**

**HF-314 School Solar Generation Revolving Loan & Grant Program**

**HF-364 Hydroelectric Energy Production – IUB Assessment of Potential Study**

**HF-421 Energy Efficiency Strategies or Incentives for Low-Income Individuals– IUB Study**

**HF-422 Alternate Energy Production & Expansion – IUB Study**

**HSB-145 Farm Net Aggregate Metering Authorization**

**HSB-217 Public Utility Regulations – Exemptions for Alternate Energy Facilities**

**SF-4 Appropriation to Build Solar Facilities at University of Iowa**

**SF-315 Farm-Owned Distributed Generation Facility Purchase Requirements**

**SF-372 Wind Energy Incentive Program – IUB Standard Offer Contract Mandating Utility Interconnect**

**SF-414 Wind & Solar Programs - Tax Credit Eligibility Dates, Iowa Energy Center Advisory Council Membership and Grant & Loan Funds**

**SF-431 Solar Energy System – Multiple Tax Credits for Separate & Distinct Installations**

**SSB-1136 Modifies Provisions for Wind Energy & Renewable Energy Tax Credits**

**SSB-1182 Refuse Conversion Facilities Tax Credits – Energy Production Capacity Qualifications**

## TAX

**HF-267 and SF-434 Electric or Natural Gas Vehicle Facility Tax Credit to Construct, Install, Place in Service**

**HF-620 and SF-409 Economic Development Incentives – IEDA Business Financing & Assistance Programs**

**HF-634 Department of Revenue Tax Policy – Utility Replacement Tax Task Force Extension** (passed in **SF-451**)

**SF-112 Corporate Flat Income Tax (6 Percent)**

## LICENSING / INSPECTIONS

[HF-498](#) and [SF-280](#) On Farm New Electrical Installations– Inspections Requirement

[HF-519](#) Plumbing and Mechanical Systems Board Closed Session Information –Access to Office of Citizen’s Aide/Ombudsmans’s Office

[HF-542](#) Electrician and Electrical Contracting Licensing Regulation – Administrative Responsibilities to State Fire Marshal

[SF-223](#) Special Electric Vehicle License Plates and Fees

## GENERAL ENERGY

[HF-56](#) Energy Cost Disclosures for Rental Units

[HF-70](#) Adding Small Businesses to State Energy Management Program

[HF-128](#) Hydraulic Fracturing Permits and Fees

[HF-219](#) Eminent Domain Authority & Procedures – Excludes Utilities Subject to IUB’s Eminent Domain Authority

[HF-271](#) Energy Cost Disclosures to Tenants/Prospective Tenants of Rental Properties

[HF-400](#) Nuclear Generating Facilities – Prohibition On Weapons-Grade Reprocessing

[HF-513](#) Rate-Making Principles Order by IUB for Power Purchase Agreements

[HSB-216](#) and [SSB-1237](#) Access to Closed Session Information of Agencies – Access to Office of Citizen’s Aide/Iowa Public Information Board

[HSB-465](#) Smart Meter Installation – Customer Consent

[SF-94](#) Repeals Electricians and Electrical Contractors’ License Requirements

[SF-98](#) Repeals Plumbers, Mechanical Contractors’ Licensing Act

(See [SF-24](#)) Requirements for NPDES Permit Holder Signs

[SF-270](#) and [HSB-178](#) Stray Voltage Claims – New Measuring and Entry Time Standards by IUB

[SF-396](#) State Efficiencies – Repeal of \$25 Electric Vehicle Registration Fee (in Standings Bill)

[SF-420](#) American Products Used in Public Improvements – Provisions Apply When Utilities Required to Move or Relocate Facilities

[SSB-1048](#) Exempts Internet Protocol-Enabled Services from IUB Regulatory Authority



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