

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4146-01  
Bill No.: HB 1750  
Subject: Motor Fuel: Motor Vehicles  
Type: Original  
Date: February 20, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Petroleum Inspection Fee	(\$186,322)	(\$117,393)	(\$120,487)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$186,322)</b>	<b>(\$117,393)</b>	<b>(\$120,487)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Agriculture** (AGR) assume the AGR-Fuel Quality Program (FQP) would administer the bill's requirements.

AGR Fuel Quality Program officials would request a Chemist III to handle the extra testing of all gasoline samples as well as instructing the service station operators, suppliers, and terminals as to the requirements, a Fuel Device Safety Inspector I would assist in enforcement of labeling and documentation requirements and would obtain fuel samples for on-site testing and for laboratory tests. The Chemist would use an existing chromatograph and the Inspector would require a pickup truck, camper shell, sample collection equipment, and oxygenate analyzer. The three existing Inspectors would also each use an oxygenate analyzer (the Department has only one).

They also note that the Department currently inspects 55% of service stations.

**Oversight** notes that officials of the **Department of Transportation** (DHT), in responding to proposals which would establish specific levels of oxygenates in gasoline sold in Missouri, have assumed that the proposals would increase the use of ethanol. The federal gas tax on ethanol is less than the tax on gasoline, therefore, to the extent that ethanol use is increased, federal funding for Missouri would be reduced because MoDOT's total contribution to the Highway Trust Fund would be reduced. State revenue would not be affected because the state fuel taxes for gasoline and gasohol are both 17 cents per gallon. For purposes of this fiscal note Oversight assumes unknown decreases in federal funds.

Officials from the **Department of Natural Resources** stated if this proposal becomes law, the Department's State Implementation Plan for the reduction of VOC emissions in ozone non-attainment areas (St. Louis) and in ozone maintenance areas (Kansas City) would likely be impacted. If the new fuel requirements have fewer emissions reductions, those reductions would have to be made up with new strategies. This would require the state to seek additional air pollutant reductions from businesses already regulated or the state may be required to regulate smaller businesses in the non-attainment area.

Furthermore, because the federal Clean Air Act mandates only 2.0 weight percent oxygen for the federal RFG program, the department would have to request a Section 211 (c)(4)(C) fuel waiver [per the CAAA] to make this 2.7% statewide oxygen requirement federally enforceable in the St. Louis RFG area. The federal conventional gasoline regulations allow the use of oxygenates, but there is no rule that specifies oxygenates must be used. Therefore, the department would have to request another fuel waiver under Section 211 (c)(4)(C) to make the statewide oxygen requirement federally enforceable for the rest of the state. There are also federal preemption

issues, associated with gasoline requirements, that must be considered.

ASSUMPTION (continued)

The Department is already responsible for these activities and does not estimate a significant fiscal impact, therefore the Department is not requesting additional resources.

Officials of the **Secretary of State** and the **Department of Health and Senior Services** stated that the proposals should not affect their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>PETROLEUM INSPECTION FUND</b>			
<u>Cost - Department of Agriculture</u>			
Personal Service (2 FTE)	(\$51,025)	(\$62,760)	(\$64,329)
Fringe Benefits	(\$18,374)	(\$22,600)	(\$23,165)
Expense and Equipment	<u>(\$116,923)</u>	<u>(\$32,033)</u>	<u>(\$32,993)</u>
Total Cost to Department of Agriculture	(\$186,322)	(\$117,393)	(\$120,487)
<b>ESTIMATED NET EFFECT ON PETROLEUM INSPECTION FUND</b>	<b><u>(\$186,322)</u></b>	<b><u>(\$117,393)</u></b>	<b><u>(\$120,487)</u></b>

**FEDERAL FUNDS**

<u>Loss - Reduced Federal Match</u>	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>POLITICAL SUBDIVISIONS</b>			
<u>Loss - Cities and Counties</u>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

Small businesses which are service stations would incur higher costs for gasoline without MTBE.

Consumers of gasoline would also incur higher costs.

DESCRIPTION

This proposal would forbid the sale or storage of gasoline which contains more than one-half of one percent by volume of methyl tertiary butyl ether (MTBE).

Nothing in the proposal is intended to result in any violation of the federal Clean Air Act, as amended.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This legislation would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Agriculture  
Department of Health and Senior Services  
Department of Natural Resources  
Secretary of State



Mickey Wilson, CPA  
Acting Director  
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