

HCS HB 1270 & 1027 -- ETHANOL-BLENDED FUEL

SPONSOR: Myers (Behnen)

COMMITTEE ACTION: Voted "do pass" by the Committee on Agriculture Policy by a vote of 20 to 0 with 2 present.

This substitute requires, by January 1, 2009, that all gasoline sold in Missouri contain at least 10% agriculturally derived, denatured ethanol by volume, unless exempted by the federal Environmental Protection Agency, by a rule promulgated by the Director of the Department of Agriculture, or by a waiver issued by the Governor. The provisions of the substitute do not apply to premium gasoline or gasoline sold for use in aircraft.

Beginning January 1, 2008, and annually thereafter, the department is required to provide to the General Assembly and the Governor a report containing data and information concerning the production of and the demand for fuel ethanol and fuel ethanol-blended gasoline.

If a distributor is unable to purchase fuel ethanol or fuel ethanol-blended gasoline from a terminal or supplier due to an insufficient supply, the terminal operator or supplier is required to submit an affidavit to the distributor attesting to the insufficient supply. Upon verification of the insufficient supply in the market, the unblended gasoline is deemed in compliance with the provisions of the substitute. The bill of sale, bill of lading, or invoice accompanying the purchase of unblended gasoline is required to indicate "no fuel ethanol or fuel ethanol blended gasoline is available for sale."

All fuel terminals in the state must offer for sale fuel ethanol and gasoline which has not been blended with fuel ethanol. Fuel retailers, wholesalers, marketers, and distributors may sell premium gasoline that has not been blended with fuel ethanol. Fuel ethanol producers, retailers, wholesalers, distributors, and terminal owners or operators are not civilly liable for any carcinogenic effect directly attributable to the manufacture, storage, transportation, handling, or selling of fuel ethanol.

FISCAL NOTE: No impact on state funds in FY 2007, FY 2008, and FY 2009.

PROPOSERS: Supporters say that the use of ethanol-blended gasoline contributes to a cleaner environment, reduces Missouri's dependence on foreign oil, and aids in rural economic development.

Testifying for the bill were Representatives Behnen and

Munzlinger; Missouri Petroleum Marketers and Convenience Store Association; Missouri Corn Growers Association; Missouri Farm Bureau; Northeast Missouri Grain, LLC; Missouri Ethanol; National Corn Growers Association; National Ethanol Vehicle Coalition; and Department of Agriculture.

OPPONENTS: Those who oppose the bill say that the production capacity of Missouri ethanol producers is insufficient to accommodate the ethanol portion of the blended fuel requirement; and as a captive market, Missouri consumers will experience higher gasoline prices. Non-resident motorist purchases of gasoline in Missouri will decrease. The content of gasoline should be dictated by consumer demand, not by legislation.

Testifying against the bill were Casey's General Stores, Incorporated; and American Petroleum Institute.

OTHERS: Others testifying on the bill say that additional time is needed to refit terminals to comply with the ethanol content requirement. All Missouri terminals could be ready by October 15, 2007. Ethanol-blended gasoline causes certain mechanical problems when used for marine purposes.

Others testifying on the bill were Missouri Marine Dealers Association; and Magellan Petroleum Corporation.

Roland Tackett, Legislative Analyst