

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 466-01
Bill No.: HB 105
Subject: Business and Commerce; Consumer Protection; Motor Fuel
Type: Original
Date: March 12, 2007

Bill Summary: Provides for temperature-adjusted gasoline and diesel fuels sold at retail in this state.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Petroleum Inspection Fund	(\$465,513)	(\$302,198)	(\$309,759)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$465,513)	(\$302,198)	(\$309,759)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Petroleum Inspection Fund	7	7	7
Total Estimated Net Effect on FTE	7	7	7

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture** assume this proposal redefines the size of a gallon gasoline and diesel fuel in ten separate districts to compensate for the thermal expansion of these products from the Uniform National Weights and Measurers standard reference temperature of 60°F. The temperature-adjusted gallons would be based on historical temperature averages for each district.

Historical data indicates average temperatures in Missouri are below 60°F. This means the temperature-adjusted gallons will be smaller in size than the Uniform National standard gallon of 231 cubic inch gallon at 60°F for petroleum products. Example: Columbia's average temperature based on records from 1890 to 2004 is 54.7°F and St. Louis from 1870 to 2005 is 56.2°F. (Source: NOAA's National Weather Service Forecast Office)

This proposal will have a significant negative impact for Missouri consumers. Missouri consumers will pay more for diesel and gasoline because they will have to buy more temperature-adjusted gallons than the traditional size gallons for the same amount of fuel.

The method for determining temperature-adjusted gallons in Missouri as outlined in this proposal is no more accurate than using the current Uniform National Weights and Measures standard reference temperature of 60°F. Installation of automatic temperature compensation equipment on all fuel dispensing meters is the only accurate way to determine temperature-adjusted gallons. Requiring the use of automatic temperature compensation equipment would be enormously expensive to service station operators and probably consumers.

Test measure slide-in units and provers will need to be calibrated for use in a specific district. Six additional field inspectors will be needed to perform mandated inspections with separate calibrations for ten districts instead of using a single calibration statewide. Also one additional clerical position will be needed to handle increased reporting requirements for ten districts and other workload resulting from the increase in the number of field inspectors.

Officials from the **Department of Transportation (MoDOT)** is unable at this time to determine an exact fiscal impact from this proposal. MoDOT does anticipate the fiscal impact will be a negative impact greater than \$100,000 annually.

ASSUMPTION (continued)

Oversight assumes there would be minimal fiscal impact to MoDOT and that any initial cost or impact would be \$0.

Officials from the **Department of Revenue** assume no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
PETROLEUM INSPECTION FUND			
<u>Cost - Department of Agriculture</u>			
Salaries (7 FTE)	(\$169,771)	(\$208,818)	(\$214,038)
Fringe Benefits	(\$74,801)	(\$92,005)	(\$94,305)
Equipment & Expense	<u>(\$220,941)</u>	<u>(\$1,375)</u>	<u>(\$1,416)</u>
ESTIMATED NET EFFECT ON PETROLEUM INSPECTION FUND	<u>(\$465,513)</u>	<u>(\$302,198)</u>	<u>(\$309,759)</u>
Estimated Net FTE Change for Petroleum Inspection Fund	7	7	7

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Retail service stations would be required to spend about \$5,250,000 to recalibrate fuel meters. Recalibration costs would be \$75 per meter for the 70,000 meters operated by 4,200 plus retail service stations in Missouri.

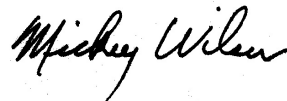
FISCAL DESCRIPTION

The proposed legislation provides for temperature-adjusted gasoline and diesel fuels sold at retail in this state and may have an affect on petroleum inspection funds.

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

SOURCES OF INFORMATION

Department of Agriculture
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 12, 2007