

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1800-01  
Bill No.: HB 877  
Subject: Agriculture and Animals; Energy; Motor Fuel  
Type: Original  
Date: March 5, 2007

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Bill Summary: Requires all diesel fuel sold in Missouri after January 1, 2009 to contain at least two percent biodiesel.

**FISCAL SUMMARY**

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

Officials from the **Department of Natural Resources** would not anticipate any significant direct fiscal impact as a result of this proposal.

Officials from the **Department of Revenue (DOR)** assume this proposal would mandate all diesel fuel for sale at retail, after January 1, 2009, be a 5% bio-diesel blend and only acquired through a qualified terminal.

If biodiesel will be blended at the distributor/retail level DOR would need to identify and register additional locations and require them to file monthly reports. Taxation could require between 2 & 3 additional FTE to license all of them and key their monthly reports depending on the number of new licensees. This would also require forms be revised and programming changes would be needed for the FACS system. Taxation will assume no impact, at this time.

Officials from the **Department of Agriculture (MDA)** assume their Fuel Quality Program will monitor the biodiesel content at retail. Additional time will be required of the program to ensure service stations properly prepare storage tanks for the introduction of the blends. One additional chemist will be required to conduct the additional fuel quality testing and to resolve consumer complaints and fuel quality problems from inadequate tank preparation and conversion. One auditor will be needed to ensure compliance by monitoring locations selling diesel with less than 2.0% biodiesel.

**Oversight** assumes this would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

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

FISCAL IMPACT - Local Government

FY 2008  
(10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Yes, if the retailer is required to blend the product.

All service stations and other businesses with diesel fuel storage tanks must clean and remove any water from the system prior to the introduction of biodiesel blends. Cost for cleaning and water removal is estimated at \$500 per tank. Some service stations storage tanks may not be compatible with ethanol blends and will require tank replacement.

In order to comply with provisions of this proposal, there may be a need to adapt or add equipment to blend biodiesel fuel.

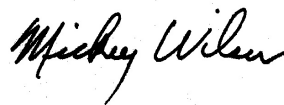
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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  
Department of Natural Resources  
Department of Revenue



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