

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0926-04  
Bill No.: SCS for SB 204  
Subject: Agriculture Dept.; Motor Fuel  
Type: Original  
Date: February 23, 2007

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Bill Summary: Requires all diesel fuel sold in Missouri at retail in Missouri after April 1, 2009 to be a biodiesel-blended fuel.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
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>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
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.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<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).

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

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**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 April 1, 2009, be a bio-diesel blend and only acquired through a qualified terminal.

Taxation does not anticipate an impact.

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>

<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

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.

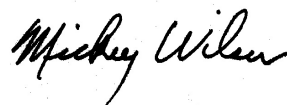
FISCAL DESCRIPTION

The proposed will require that all diesel fuel sold in Missouri after January 1, 2009, shall contain at least two percent biodiesel by volume.

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 Natural Resources  
Department of Revenue  
Department of Agriculture  
Department of Transportation



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February 23, 2007

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