

**Second Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 06-0120.01 Karen Epps

SENATE BILL 06-138

SENATE SPONSORSHIP

Shaffer, Entz, Fitz-Gerald, and Kester

HOUSE SPONSORSHIP

Gardner, Gallegos, Hodge, and Rose

Senate Committees

Agriculture, Natural Resources & Energy
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE REQUIREMENT THAT GASOLINE CONTAIN AT LEAST**
102 **A SPECIFIED PERCENTAGE OF ETHANOL BY VOLUME, AND**
103 **MAKING AN APPROPRIATION THEREFOR.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Rural Economic Development Issues.

Requires that all gasoline sold in Colorado contain at least:

5% denatured ethanol by volume as of January 1, 2007;
10% denatured ethanol by volume as of January 1, 2009;
and

If allowed pursuant to federal law and federal guidelines,

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

SENATE
Amended 2nd Reading
April 24, 2006

and if doing so would not void any automobile manufacturer's warranty:

15% denatured ethanol by volume as of January 1, 2011, or at such time after January 1, 2011, as the division of oil and public safety certifies that the criteria in the act have been met; and

20% denatured ethanol by volume as of January 1, 2013, or at such time after January 1, 2013, as the division of oil and public safety certifies that the criteria in the act have been met.

Requires a refinery or terminal to provide a bill of lading or shipping manifest that includes the identity and the volume percentage or gallons of oxygenate included in the gasoline.

Allows for the sale of nonoxygenated gasoline under the following circumstances:

At an airport, marina, mooring facility, or resort for use in aircraft if the gasoline is unleaded premium;

At a public or private racecourse if the gasoline is intended to be used exclusively as a fuel for off-highway motor sports racing events;

At retail gasoline stations for use in collector vehicles, off-road vehicles, motorcycles, boats, snowmobiles, or small engines; and

Directly to bulk fuel storage tanks for use in collector vehicles, off-road vehicles, motorcycles, boats, snowmobiles, small engines, or airplanes.

Requires the executive director of the department of personnel to establish a policy by January 1, 2007, requiring all state-owned vehicles and equipment to use a fuel blend of ethanol and gasoline if the price is no greater than 10¢ more per gallon than the price of gasoline, and to provide for proper administration, implementation, and enforcement of the policy.

Requires the executive director of the department of personnel to purchase flexible-fuel vehicles whenever possible.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Part 2 of article 20 of title 8, Colorado Revised**

3 **Statutes, is amended BY THE ADDITION OF A NEW SECTION to**

4 **read:**

5 **8-20-236. Ethanol content standard - rules. (1) SEVENTY-FIVE**

1 PERCENT OF ALL GASOLINE SOLD IN COLORADO, FROM NOVEMBER
2 THROUGH APRIL OF EVERY YEAR, SHALL CONTAIN AT LEAST TEN PERCENT
3 ETHANOL BY VOLUME.

4 (2) FOR PURPOSES OF CALCULATING COMPLIANCE WITH THE
5 REQUIREMENT IN SUBSECTION (1) OF THIS SECTION:

6 (a) EVERY GALLON OF E85 FUEL SOLD IN COLORADO SHALL COUNT
7 AS EIGHT AND ONE-HALF GALLONS OF E10 FUEL SOLD; AND

8 (b) EVERY GALLON OF CELLULOSIC ETHANOL SOLD IN COLORADO
9 SHALL COUNT AS FIFTY GALLONS OF E10 FUEL SOLD.

10 (3) DISTRIBUTORS AND ENTITIES REQUIRED TO FILE IRS FORM 637
11 SELLING GASOLINE IN COLORADO SHALL MEET THE REQUIREMENT OF
12 SUBSECTION (1) OF THIS SECTION. DISTRIBUTORS AND ANY ENTITY
13 AFFECTED BY THIS SUBSECTION (3) SHALL SUBMIT TO THE DEPARTMENT,
14 ON A FORM APPROVED BY THE DEPARTMENT, A MONTHLY STATEMENT
15 CONTAINING THE TOTAL VOLUME OF GASOLINE SOLD AND INDICATING
16 SEPARATELY THE AMOUNT OF E10 FUEL, E85 FUEL, AND CELLULOSIC
17 ETHANOL SOLD IN COLORADO.

18 =====
19 (4) THE DEPARTMENT SHALL ADOPT A POLICY THAT EXEMPTS
20 DISTRIBUTORS AND ANY ENTITIES REQUIRED TO FILE IRS FORM 637 FROM
21 COMPLIANCE WITH SUBSECTION (1) OF THIS SECTION WHEN THE COST OF
22 ETHANOL IS AT LEAST TEN CENTS PER GALLON HIGHER THAN THE
23 WHOLESALE COST OF GASOLINE.

24 (5) THE DEPARTMENT SHALL PROMULGATE RULES NECESSARY TO
25 IMPLEMENT THIS SECTION.

26 (6) DISTRIBUTORS AND ENTITIES REQUIRED TO FILE IRS FORM 637
27 THAT HAVE NOT, AS OF DECEMBER 31, 2006, BLENDED ETHANOL AND

1 GASOLINE ARE EXEMPT FROM COMPLIANCE WITH THIS SECTION.

2 (7) DISTRIBUTORS AND ENTITIES SHALL HOLD, STORE, IMPORT,
3 TRANSFER, AND OFFER FOR SALE OR USE UNLEADED PREMIUM GRADE
4 GASOLINE THAT HAS AN ANTIKNOCK INDEX NUMBER OF 91 OR GREATER
5 AND THAT DOES NOT CONTAIN ETHANOL, TO BE DISPENSED AT AN AIRPORT.

6 (8) ALL GASOLINE RETAILERS SHALL ENSURE THAT LABELS ARE
7 MAINTAINED ON THE PUMPS THAT ACCURATELY REFLECT THE ETHANOL
8 CONTENT OF THE GASOLINE. IF A RETAILER IS SELLING GASOLINE THAT
9 DOES NOT CONTAIN ETHANOL, THE PUMP SHALL HAVE A LABEL
10 REFLECTING THAT THE GASOLINE DOES NOT CONTAIN ETHANOL.

11 (9) FOR THE PURPOSES OF THIS SECTION:

12 (a) "CELLULOSIC ETHANOL" MEANS ETHANOL DERIVED FROM ANY
13 LIGNOCELLULOSIC OR HEMICELLULOSIC MATTER THAT IS AVAILABLE ON
14 A RENEWABLE OR RECURRING BASIS, INCLUDING DEDICATED ENERGY
15 CROPS AND TREES, WOOD AND WOOD RESIDUES, PLANTS, GRASSES,
16 AGRICULTURAL RESIDUES, FIBERS, ANIMAL WASTES AND OTHER WASTE
17 MATERIALS, AND MUNICIPAL SOLID WASTE. ___ ___

18 (b) "E10 FUEL" MEANS A MOTOR FUEL BLEND OF TEN PERCENT
19 ETHANOL AND NINETY PERCENT GASOLINE BY VOLUME.

20 (c) "E85 FUEL" MEANS A MOTOR FUEL BLEND OF EIGHTY-FIVE
21 PERCENT ETHANOL AND FIFTEEN PERCENT GASOLINE BY VOLUME.

22 (d) "ETHANOL" MEANS DOMESTICALLY PRODUCED ETHANOL,
23 INCLUDING, BUT NOT LIMITED TO, CELLULOSIC ETHANOL, THAT IS DERIVED
24 FROM AGRICULTURAL PRODUCTS OR OTHER RENEWABLE RESOURCES AND
25 THAT IS NOT MADE FROM PETROLEUM, NATURAL GAS, OR COAL.

26 **SECTION 2. Appropriation.** (1) In addition to any other
27 appropriation, there is hereby appropriated, out of any moneys in the

1 general fund, not otherwise appropriated, to the department of labor and
2 employment, for the fiscal year beginning July 1, 2006, the sum of ninety-
3 eight thousand six hundred ninety-one dollars (\$98,691) and 1.0 FTE, or
4 so much thereof as may be necessary, for the implementation of this act.

5 (2) In addition to any other appropriation, there is hereby
6 appropriated, to the department of law, for the fiscal year beginning July
7 1, 2006, the sum of nine thousand six hundred sixty-eight dollars
8 (\$9,668), or so much thereof as may be necessary, for the provision of
9 legal services to the division of oil and public safety related to the
10 implementation of this act. Such sum shall be from cash funds exempt
11 received from the division of oil and public safety out of the appropriation
12 made in subsection (1) of this section.

13 **SECTION 3. Effective date.** This act shall take effect January
14 1, 2007.

15 **SECTION 4. Safety clause.** The general assembly hereby finds,
16 determines, and declares that this act is necessary for the immediate
17 preservation of the public peace, health, and safety.