SB06-138

Colorado Legislative Council Staff

NO FISCAL IMPACT

Drafting Number:	LLS 06-0120	**Date:**	January 30, 2006
Prime Sponsor(s):	Sen. Shaffer Rep. Gardner	**Bill Status:**	Senate Agriculture
		Fiscal Analyst:	Gary J. Estenson (303- 866-4976)

TITLE: CONCERNING THE REQUIREMENT THAT GASOLINE CONTAIN AT LEAST A SPECIFIED PERCENTAGE OF ETHANOL BY VOLUME.

Summary of Assessment

Effective January 1, 2007, this legislation requires that all gasoline sold in Colorado contain a specified percentage of ethanol based on the following graduated schedule:

January 1, 2007 -- 5% denatured ethanol by volume
January 1, 2009 -- 10% denatured alcohol by volume
January 1, 2011 -- 15% denatured alcohol by volume
January 1, 2013 -- 20% denatured alcohol by volume

The January 2011 and January 2013 deadlines are only required if the mandated denatured alcohol percentages are allowed under federal law and would not void any automobile warranty. For oxygenated gasoline, a refinery or terminal must provide the person receiving the gasoline documentation confirming that the gasoline contains an oxygenate and at what volume or percentage. For non-oxygenated gasoline, the documentation must state that it is not to be sold in Colorado. The exception to this requirement is for gasoline distributed among or between refineries and terminals.

Gasoline containing ethanol shall not be required for use in aircraft or at marinas, mooring facilities, or resorts. Additionally, unleaded premium grade gasoline may still be sold at gasoline stations for collector vehicles, off-road vehicles, motorcycles, boats, snowmobiles and for small engines.

This legislation also requires the Executive Director of the Department of Personnel and Administration to establish a policy requiring the use of ethanol-blended fuel in all state-owned vehicles by January 1, 2007, as long as the per gallon price of ethanol gasoline is not greater than 10 cents more than the price for standard gasoline. Additionally, this bill requires the purchase of flexible-fuel vehicles by the Department of Personnel and Administration where possible.

The bill does not impact state or local revenues and expenditures and is assessed as having no fiscal impact. The fuel being sold in Colorado currently meets the 2007 mandates required by the bill. Additionally, state regulations already mandate the use of gasoline oxygenated with ethanol in the Denver metropolitan area to comply with clean air standards. These regulations require ethanol in an amount by weight that is nearly equivalent to the bill's 2009 requirements.

After 2007, the bill may impact the fuel distribution system in Colorado but this impact would not affect state or local revenues or expenditures. Finally, it is anticipated that the Department of Personnel and Administration can establish the proposed policy by the bill's required date within existing resources.

Departments Contacted

Labor and Employment	Personnel and Administration