

SENATE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

March 2, 2006
Date

Committee on Agriculture, Natural Resources & Energy.

After consideration on the merits, the Committee recommends the following:

SB06-138 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute the following:

3 "SECTION 1. Part 2 of article 20 of title 8, Colorado Revised
4 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
5 read:

6 **8-20-236. Ethanol content standard - rules.** (1) SEVENTY-FIVE
7 PERCENT OF ALL GASOLINE SOLD IN COLORADO, FROM NOVEMBER
8 THROUGH APRIL OF EVERY YEAR, SHALL CONTAIN AT LEAST TEN PERCENT
9 ETHANOL BY VOLUME.

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

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

14 (b) EVERY GALLON OF CELLULOSIC ETHANOL SOLD IN COLORADO
15 SHALL COUNT AS FIVE GALLONS OF E10 FUEL SOLD.

16 (3) TERMINALS, REFINERIES, AND ENTITIES REQUIRED TO FILE IRS
17 FORM 637 SELLING GASOLINE IN COLORADO SHALL MEET THE
18 REQUIREMENT OF SUBSECTION (1) OF THIS SECTION. EVERY TERMINAL,
19 REFINERY, AND ENTITY AFFECTED BY THIS SUBSECTION (3) SHALL SUBMIT

1 TO THE COLORADO DEPARTMENT OF REVENUE, ON A FORM APPROVED BY
2 THE COLORADO DEPARTMENT OF REVENUE, A MONTHLY STATEMENT
3 CONTAINING THE TOTAL VOLUME OF GASOLINE SOLD AND INDICATING
4 SEPARATELY THE AMOUNT OF E10 FUEL, E85 FUEL, AND CELLULOSIC
5 ETHANOL SOLD IN COLORADO.

6 (4) FINES SHALL BE IMPOSED FOR FAILURE TO COMPLY WITH THE
7 REQUIREMENTS OF SUBSECTION (1) OR (3) OF THIS SECTION. SUCH FINES
8 SHALL NOT EXCEED FIVE THOUSAND DOLLARS PER VIOLATION PER YEAR
9 FOR WHICH COMPLIANCE IS NOT MET.

10 (5) THE COLORADO DEPARTMENT OF REVENUE SHALL ADOPT A
11 POLICY THAT EXEMPTS REFINERIES, TERMINALS, AND ENTITIES REQUIRED
12 TO FILE IRS FORM 637 FROM COMPLIANCE WITH SUBSECTION (1) OF THIS
13 SECTION WHEN THE COST OF ETHANOL IS AT LEAST TEN CENTS PER GALLON
14 HIGHER THAN THE WHOLESALE COST OF GASOLINE.

15 (6) THE COLORADO DEPARTMENT OF REVENUE SHALL
16 PROMULGATE RULES NECESSARY TO ESTABLISH FINES FOR VIOLATIONS
17 AND OTHERWISE TO ENFORCE THIS SECTION.

18 (7) FOR THE PURPOSES OF THIS SECTION:

19 (a) "CELLULOSIC ETHANOL" MEANS ETHANOL DERIVED FROM ANY
20 LIGNOCELLULOSIC OR HEMICELLULOSIC MATTER THAT IS AVAILABLE ON
21 A RENEWABLE OR RECURRING BASIS, INCLUDING DEDICATED ENERGY
22 CROPS AND TREES, WOOD AND WOOD RESIDUES, PLANTS, GRASSES,
23 AGRICULTURAL RESIDUES, FIBERS, ANIMAL WASTES AND OTHER WASTE
24 MATERIALS, AND MUNICIPAL SOLID WASTE. THE TERM ALSO INCLUDES
25 ANY ETHANOL PRODUCED IN FACILITIES WHERE ANIMAL WASTES OR OTHER
26 WASTE MATERIALS ARE DIGESTED OR OTHERWISE USED TO DISPLACE
27 NINETY PERCENT OR MORE OF THE FOSSIL FUEL NORMALLY USED IN THE
28 PRODUCTION OF ETHANOL.

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

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

33 (d) "ETHANOL" MEANS DOMESTICALLY PRODUCED ETHANOL,
34 INCLUDING, BUT NOT LIMITED TO, CELLULOSIC ETHANOL, THAT IS DERIVED

1 FROM AGRICULTURAL PRODUCTS OR OTHER RENEWABLE RESOURCES AND
2 THAT IS NOT MADE FROM PETROLEUM, NATURAL GAS, OR COAL.

3 **SECTION 2. Effective date.** This act shall take effect January
4 1, 2007.

5 **SECTION 3. Safety clause.** The general assembly hereby finds,
6 determines, and declares that this act is necessary for the immediate
7 preservation of the public peace, health, and safety."

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