



Colorado Legislative Council Staff
NO FISCAL IMPACT

Drafting Number: LLS 06-0156**Date:** January 9, 2006**Prime Sponsor(s):** Sen. Entz
Rep. Rose**Bill Status:** Senate Transportation**Fiscal Analyst:** Chris Ward (303-866-5834)

TITLE: CONCERNING THE USE OF BIODIESEL FUEL FOR ALL STATE-OWNED DIESEL VEHICLES.**Summary of Assessment**

This bill requires the Executive Director of the Department of Personnel and Administration to establish a policy by January 1, 2007, requiring all state-owned vehicles and equipment to use a fuel blend of at least 20 percent biodiesel and 80 percent petroleum diesel. The requirement is contingent on such fuels being available and costing no more than 10 cents per gallon more than petroleum diesel fuel. The requirement would apply to all passenger vehicles and trucks weighing up to 3/4-ton. The bill would take effect July 1, 2006, and apply to vehicles fueled on or after January 1, 2007.

The Department of Personnel and Administration can develop a policy as required by the bill within existing resources, but the policy may increase the state's cost of operating diesel vehicles by up to 10 cents per gallon of fuel. There are currently 37 vehicles in the state fleet management program that would be affected by this bill. Although the market price of fuel continually fluctuates, a review of retail fuel prices along the Front Range indicates that B20-blend biodiesel is more expensive than regular diesel, but the price difference is less than 10 cents. Beginning in June 2006, however, this price difference is expected to decline, as the federally-mandated use of ultra low sulfur diesel should increase both the cost of petroleum fuel and the cost-effectiveness of biodiesel fuel. Finally, it is expected that costs for biodiesel will drop in the future as suppliers increase their refining capacity.

The bill will not significantly affect state expenditures, and will have no affect at all on state revenues or local government finances. Therefore, it is assessed as having no fiscal impact.

Departments Contacted

Personnel and Administration

Public Health and Environment

Transportation