

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2050-05
BILL NO.: Perfected SS for SCS for SB 525
SUBJECT: Department of Agriculture; Motor fuel
TYPE: Original
DATE: April 25, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Petroleum Inspection Fund	(\$200,118)	(\$110,551)	(\$113,474)
Total Estimated Net Effect on <u>All</u> State Funds	(\$200,118)	(\$110,551)	(\$113,474)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Departments of Transportation and Revenue** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Department of Natural Resources** assume the proposed legislation does not impact the department's authority; therefore, the agency would not be impacted.

Officials from the **Department of Agriculture (AGR)** assume the MDA Fuel Quality Program will require one additional chemist to handle the extra testing of all gasoline samples as well as instructing the service station operators, suppliers and terminals as to the requirements. One additional Fuel Device Safety Inspector will be required to assist in enforcement of the labeling and documentation requirements. The chemist will use an existing gas chromatograph and the inspector will require a pickup truck, camper shell, sample collection equipment and oxygenate analyzers. The existing three inspectors will also each use an oxygenate analyzer. The inspectors will carry portable oxygenate analyzers and will be used as needed for enforcement purposes. A considerable increase in follow up inspections is expected. The Fuel Quality Program is currently inspecting 55% of the service stations annually.

In the original proposal (SB 525), the AGR noted that, per statute, sections 414.012 through 414.152 are funded solely from the Petroleum Inspection Fee Fund. Officials from the AGR have indicated that the current fee rate is set at its maximum statutory limit of 2.5 cents per barrel. Therefore, since the fee rate is set at the maximum statutory limit, fees cannot be increased to cover the costs of this proposal until the maximum limit is increased. If fund balances are not sufficient to cover costs, it may be necessary to request General Revenue Appropriations in the future.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
PETROLEUM INSPECTION FUND			
<u>Cost - Department of Agriculture</u>			
Personal Service (2 FTE)	(\$47,878)	(\$58,890)	(\$60,362)
Fringe Benefits	(\$15,958)	(\$19,628)	(\$20,119)
Expense and Equipment	<u>(\$136,282)</u>	<u>(\$32,033)</u>	<u>(\$32,993)</u>
ESTIMATED NET EFFECT ON PETROLEUM INSPECTION FUND	<u>(\$200,118)</u>	<u>(\$110,551)</u>	<u>(\$113,474)</u>

FISCAL IMPACT - Local Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses who sell motor fuel containing oxygenate would be expected to experience an increase in administrative costs due to the provisions in this proposal.

DESCRIPTION

This proposal would require sellers of motor fuel which has been blended with at least one percent oxygenate by weight to notify buyers at the pump of the type of oxygenate used.

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 Agriculture
Department of Natural Resources
Department of Revenue
Department of Transportation



Jeanne Jarrett, CPA
Director

April 25, 2001