

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Commerce Committee

BILL: SB 1774

INTRODUCER: Senator Altman

SUBJECT: Gas & Oil Inspection Fees

DATE: March 24, 2010

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	O'Callaghan	Cooper	CM	Favorable
2.	_____	_____	FT	_____
3.	_____	_____	GA	_____
4.	_____	_____	WPSC	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill extends the one-eighth cent per gallon petroleum inspection fee currently assessed on gasoline, kerosene (except when used as aviation fuel), and #1 fuel oil sold in Florida, to alternative fuels containing alcohol and sold in Florida. The extension of this inspection fee would fund the Department of Agriculture and Consumer Services' (department) inspection, testing, and analyzing of alternative fuels, which is required under current law.

Additionally, the bill requires that payment of the inspection fee be accompanied by a detailed report, made under oath, which shows the number of gallons of alternative fuel sold and delivered in each county in Florida.

This bill amends s. 525.09, F.S.

II. Present Situation:

In 2008, the Legislature found that it was vital to the public interest and to Florida's economy to establish a market and the necessary infrastructure for renewable fuels.¹ To that end, the Legislature required all gasoline sold in this state to include a percentage of agriculturally derived, denatured ethanol.² Specifically, s. 526.203, F.S., requires, beginning December 31, 2010, all gasoline sold or offered for sale in Florida by a terminal supplier, importer, blender, or wholesaler to be a mixture of 90 to 91 percent gasoline and 9 to 10 percent fuel ethanol, which may be derived from any agricultural source.

¹ Section 526.202, F.S. *See also*, s. 102, ch. 2008-227.

² *Id.*

The Department of Agriculture and Consumer Services (department) is currently required under s. 525.02, F.S., to collect and analyze samples of any petroleum fuel, including alternative fuels that are used for illuminating, heating, cooking or power purposes, which is sold, offered, or exposed for sale in Florida.³

Section 525.09, F.S., requires businesses to pay, on or before the 25th day of each month, an inspection fee to defray the expenses incident to inspecting, testing, and analyzing petroleum fuels. The inspection fee amount is based on one-eighth cent per gallon on gasoline, kerosene not used as aviation turbine fuel, and #1 fuel oil to be sold or used in Florida. The inspection fee is to be accompanied by a detailed report, made under oath, showing the number of gallons of gasoline, kerosene, or #1 fuel oil sold and delivered in each county in Florida.⁴

There is no provision under current law assessing an inspection fee on alternative fuels or requiring a report on the number of gallons of alternative fuel sold and delivered in each county in Florida.

III. Effect of Proposed Changes:

Section 1 amends s. 525.09, F.S., to extend the required inspection fee, which is one-eighth cent per gallon, to alternative fuel containing alcohol. Current law assesses the required inspection fee on all gasoline, kerosene not used as aviation turbine fuel, and #1 fuel oil.

Alternative fuel containing alcohol includes methanol, denatured ethanol, or other alcohols; or mixtures containing 85 percent or more by volume of methanol, denatured ethanol, or other alcohols with gasoline or other fuels.⁵ The department may, by rule, categorize a fuel as an alternative fuel if the fuel contains less than 85 percent of methanol, denatured ethanol, or other alcohols. However, if a mixture contains less than 70 percent of methanol, denatured ethanol, or other alcohols, it may not be categorized as an alternative fuel.

Additionally, the bill requires that payment of the inspection fee assessed on alternative fuel be accompanied by a detailed report, made under oath, which shows the number of gallons of alternative fuel sold and delivered in each county in Florida. Such a report is due on or before the 25th day of each month.

Section 2 provides an effective date of July 1, 2010.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

³ See also, s. 525.01, F.S., for the definition of “petroleum fuel” and “alternative fuel.”

⁴ Section 525.09, F.S. See also, s. 837.012, F.S., which provides that a person taking such an oath is subject to the penalty of perjury, which is a misdemeanor of the 1st degree.

⁵ Section 525.01(c)1., 2., F.S.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

As of November 2009, the Department of Revenue estimates that Florida will consume at least 8.53 billion gallons of motor fuel in FY 2010-11.⁶ While required to be inspected by the department, approximately 10 percent of this motor fuel is currently not subject to inspection fees, as it is an alternative fuel.⁷ However, the department's Bureau of Petroleum Inspection provides staff, laboratory testing procedures, and equipment to assure correct fuel quality and measure for the alternative fuel. The department's regulation, inspection, and testing of alternative fuels is currently funded by inspection fees on other fuels.

Should this bill become law, the department expects to recover approximately \$980,000 dollars annually from inspection fees associated with alternative fuels.⁸

B. Private Sector Impact:

Businesses selling or supplying alternative fuels consisting of methanol, denatured ethanol, or other alcohols; or containing a mixture of certain amounts of methanol, denatured ethanol, or other alcohols, would be subject to an inspection fee, amounting to one-eighth cent per gallon to be sold or used in Florida.

C. Government Sector Impact:

The department reports that the new inspection fees provided for in the bill would be sufficient to fund the inspection, testing, and analyzing of alternative fuels.⁹

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

⁶ Department of Agriculture and Consumer Services Fiscal Analysis of SB 1774; February 24, 2010; on file with the Commerce Committee.

⁷ *Id.*

⁸ *Id.*

⁹ *Supra* fn. 6.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
