

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-0240/1	Introduction Number AB-72
------------------------------------	---

Subject Labeling of biodiesel fuel
--

Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (3) (r)	Affected Ch. 20 Appropriations
--	---------------------------------------

Agency/Prepared By COMM/ Landon Williams (608) 267-9382	Authorized Signature Louie Cornelius (608) 266-8629	Date 2/17/2005
---	---	--------------------------

Fiscal Estimate Narratives

COMM 2/17/2005

LRB Number	05-0240/1	Introduction Number	AB-72	Estimate Type	Original
Subject					
Labeling of biodiesel fuel					

Assumptions Used in Arriving at Fiscal Estimate

This bill changes the definition of biodiesel fuel, adds biodiesel fuel to the list of petroleum products regulated by the Department under ss. 168, and creates new requirements related to the chemical make-up and retail sale of biodiesel fuel.

The Department administers ss. 168, and sets standards in Comm 48 establishing minimum product grade specifications for diesel fuel oil, gasoline-alcohol fuel blends and other forms of gasoline and kerosene. Currently, the Department has 29 petroleum product inspectors located at 12 district and sub-district labs throughout the state. These inspectors conduct sampling and testing of petroleum product at both the terminal and at retail locations. In FY 04, the Department collected samples of petroleum products for inspection at 3,303 retail locations. The Department has internally estimated that it takes an average of approximately 11.5 hours to perform a full inspection, including lab analysis, data entry and enforcement.

Under this bill, the Department would be required to test biodiesel fuel at all retail locations where it is sold to ensure minimum quality standards. The Department estimates that it can perform the necessary inspections with its currently authorized level of inspectors. However, if the Department is to sample and test biodiesel fuel according to ASTM standards, the Department will need to purchase new IROX diesel analyzers at an estimated cost of \$25,300 per unit. The Department has 12 district and sub-district labs throughout the state. While it is difficult to predict the market demand for biodiesel fuel, it is estimated that ten units with all necessary software would be the minimum amount of new equipment to ensure compliance with the bill's requirements. Ten units would cost approximately \$253,000, with the required software package adding an additional \$3,000 per unit for a total cost of \$283,000.

Defining biodiesel fuel under ss. 168 will require the Department to update Comm 48 to further define biodiesel standards and product inspections. As the Department has existing administrative structures and procedures in place for developing and administering new administrative rules, the costs of promulgating administrative rules required under this bill will be absorbed within existing resources.

Long-Range Fiscal Implications

Diesel analyzing equipment will require long term maintenance, calibration and specific supplies, such as certain chemicals to operate. For ten IROX diesel analyzing units, long term maintenance, calibration and supplies are estimated at \$2,000 per unit or \$20,000 in total annualized costs.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-0240/1		Introduction Number AB-72	
Subject			
Labeling of biodiesel fuel			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Purchase of gasoline analyzing equipment at \$25,300 per unit, ten units minimum for coverage in 12 district and sub-district labs = \$253,000. Software packages for ten units is estimated at \$3,000 per unit for a total of \$30,000. Total cost for ten IROX diesel analyzers and required software is estimated to be \$283,000.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs		20,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$20,000	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S		20,000	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$20,000	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By			
COMM/ Landon Williams (608) 267-9382		Authorized Signature	
		Louie Cornelius (608) 266-8629	
Date			
			2/17/2005